

# *The* NATIONAL UNDERWRITER

*Life Insurance Edition*

*"Oh, she's OLD!  
Almost thirty!"*



At twenty, thirty seems ancient.

At thirty, forty is distant middle age.

At forty, well, it'll be a long time before you're fifty.

The point is that ten years *ahead* always seems like a long time. Yet, actually it passes "before you know it" . . . and you find yourself face to face with problems, opportunities, needs, that once seemed very far in the future.

**This is a good thing** to remember to-day, when you buy War Bonds to speed the winning of the war.

In ten years—*only* ten years—those bonds will bring you back \$4 for every \$3 you put into them today.

Think of what that money may mean to you in 1955. An education for your children . . . a home . . . maybe even retirement to the place and the life of your heart's desire.

All this your War Bonds can mean to you . . . if you buy all you can today and hold them to maturity.

**It won't be long** till 1955. Not half as long as you think.

*The* NATIONAL UNDERWRITER

*This is an official U.S. Treasury advertisement—prepared under auspices of Treasury Department and War Advertising Council*

**FRIDAY, MARCH 30, 1945**

The New Orleans agency of Mutual Life of New York under R. F. Lawton advanced from fourth place in 1943 to first in 1944 in volume.

—National Underwriter, 1-26-45

**In competition with such Agencies as  
New York, Philadelphia, Los Angeles,  
Chicago—that's good going!**

I am of the opinion that what many of our Representatives learned from mastering the D.L.B. Sales Course, helped them materially to cause the New Orleans Agency be our Company's top ranking Agency for the year 1944.

Cordially yours,  
*R. F. Lawton*  
R. F. Lawton, Manager

Subscribers to The D.L.B. Agent's Service from the Lawton New Orleans Agency. As of January 1944.....25

Thank you, Mr. Lawton and Associates.

It does help men produce. That's one reason why The D.L.B. Agent's Service is used by more Life Underwriters than any other Service or Training Course.

The D.L.B. Agent's Service now has a new 40-week Training Manual. Any Company or Agency interested—won't you please write for particulars? Half of our subscribers are individual Agents who have themselves ordered and paid for this Service.

## THE DIAMOND LIFE BULLETINS

420 EAST FOURTH STREET • CINCINNATI 2, OHIO

## Economics Society Outlines Its Stand on Social Security

### Emphasizes Voluntary Means in 12 Point Statement of Principle

Pointing out that sound economic security for all is our national objective, Insurance Economics Society has issued a 12 point statement expressing the belief that, in attaining that objective, the best interests of the people will be served by the maximum possible development of voluntary methods. Greater research and study of the questions raised by proposals to extend the compulsory social insurance system in this country are strongly urged.

A comparison of this statement with that recently published by the National Association of Life Underwriters, American Life Convention and Life Insurance Association of America indicates only one essential point of difference: The Society does not recommend extension of old age and survivors' benefits to cover total and permanent disability at any age.

The statement offers a number of specific recommendations with respect to current proposals for extension of the present compulsory system. In an announcement accompanying the statement, the society points out that its recommendations are the result of three years of study of the problems incident to the establishment of a sound and overall system of economic security.

#### Sound Economic Security

The statement, embodying the views of the entire membership, is:

1. Our national objective is sound economic security for all. This objective should be obtained by voluntary means as far as possible.
2. There should be greater research and study of the costs and the social, economic and political effects of compulsory federal and state insurance, and thorough investigation of alternative ways and means which may be employed with a minimum of governmental compulsion and regimentation of the individual.
3. The federal system of old-age and survivors' insurance should be extended to all workers, including the self-employed, as rapidly as the resulting administrative problems can be solved satisfactorily.

4. Old-age and survivors' insurance should be operated on a pay-as-you-go basis, with a reasonable reserve for contingencies.

#### Against Increasing the Maximum

5. The present maximum benefit of \$85 per month, under old-age and survivors' insurance, should not be increased, and the age at which benefits begin should not be reduced below 65.
6. Old-age and survivors' insurance should not be extended to cover total and permanent disability, but those who suffer such disability should be cared for under our public assistance program and, if needed, should have institutional care.
7. Unemployment compensation should not be federalized, but should continue to be operated by the several states.
8. Unemployment compensation should be extended to include employers of one or more persons, and greater cooperation and uniformity of administration

## Matthew Woll Gives Slants on Postwar Insurance Issues Affecting Labor

By **ROBERT B. MITCHELL**

NEW YORK—The enormous growth that group insurance has enjoyed during the war will bring some complicated problems during the post war era, according to Matthew Woll, president of Union Labor Life. *THE NATIONAL UNDERWRITER* sought Mr. Woll's views because of his broad experience in both the life insurance and the labor union fields.



Matthew Woll

Mr. Woll pointed out that employers handling war work or for other reasons doing a prosperous business because of the war have been very willing to buy group insurance programs because the income and excess profits tax permitted them to finance the insurance at a very small net outlay. Yet after the war many of these workers may be unemployed for a time or go to work in plants which do not have group programs. While it is true that an employee who leaves can convert his group insurance as of the attained age, a man who is out of work is not in a good position to take advantage of this privilege or to buy any other insurance on his own.

#### Gaps in Coverage

In some industries, such as clothing manufacturing, a plan has been set up which covers the entire industry nationwide but of course there is no protection for the man who leaves such an industry to work in some other. Similarly, though the New York hotels recently entered into a city-wide contract covering hotel employees, there is no continuity outside of the trade or outside of New York City.

Are employers and group-writing companies going to be subject to criticism from employees who say that they have been given a feeling of security through group insurance and then rudely awakened when they transferred to some line of work which has no such program, Mr. Woll wonders. He also raises the question as to continuance of the present enormous tax incentive to the employer. If peacetime earnings are not at a rate as high as has prevailed during the war, if excess profits and income taxes are lowered, as they should be, or if the definition of ordinary and necessary business expenses allowable as deductions is changed to force a less favorable status on group insurance premiums, the popularity of group coverage

among the states should be encouraged.

9. Insurance, providing cash benefits for temporary disability due to accident and sickness, should continue to be furnished by voluntary means.

10. Medical care and hospitalization, except for the indigent and those requiring institutional care, should continue to be provided by voluntary means with free choice of physician and hospital.

11. Our public assistance program should be strengthened and extended at state and local levels so that no one, not otherwise provided for, shall be without minimum requirements for subsistence or medical care and hospitalization.

12. Government, both state and federal, should encourage full employment through private enterprise, and should continue to expand programs for public health education, sanitation, medical research, improved nutrition and other health measures.

might be drastically changed, Mr. Woll believes.

A phase of the problem that affects group writing companies is the exposure to anti-selection from the many employees now covered by the group plans whose health is far from the best and who may be expected to take advantage of the non-medical conversion privilege to a degree not ordinarily experienced. Some years ago it was shown that the selection against the company in conversions is such that it amounts to about \$50 for each conversion.

Despite the effect of government insurance in the last war in stimulating the sales of private insurance, Mr. Woll is by no means confident that history will repeat itself after this war. Many more men are insured this time than last, they have been in service longer, and they are being made much more conscious of the value of their insurance. While hoping that it will not do so, Mr. Woll raises the question whether this situation may not lead to a movement for a national insurance system. The question comes up if the government can issue insurance successfully in time of war, taking the war hazards along with peacetime hazards, why should it not continue this in time of peace?

Mr. Woll thinks that the possible strategy of those who want national life insurance during peacetime may well be to answer the opposition by seeking to have the Treasury stop allowing employer contributions as a business expense deduction, using the argument that since the government is paying the bill through the tax incentive the lack of uniformity of coverage and the hardship of men changing to jobs not covered by group insurance could all be avoided by having the government take care of the whole matter.

Another possible problem is that the bill which has recently been introduced in Congress to curb the coal royalty proposal of John L. Lewis to provide health and welfare benefits for the miners might be construed as prohibiting employers providing group coverages for their employees. Mr. Woll said he was not sure that the bill could actually be so construed but that the question had been brought up.

## Feb. Ordinary Sales Highest Since 1931. Bureau Reports

Ordinary production in February totaling \$731,000,000 was the highest for that month since 1931 and was the seventh best month in the last six years, according to the Sales Research Bureau.

New York led with new purchases of \$4,800,000 per day. Illinois, California, and Pennsylvania are closely bunched for second place with daily purchases of \$2,300,000 of new life insurance in each of those states. In all but two states, sales exceeded the average of the five preceding Februaries.

#### Client's Lawyer Should Participate

PHILADELPHIA — Pointing out that both trust men and life agents can do much for their clients through proper estate planning, Warner F. Haldeman, associate counsel Penn Mutual Life, emphasized that the client's attorney should be brought into the picture for legal opinions and advice, particularly in the case of business insurance transactions, in a talk before the Philadelphia Life Insurance & Trust Council.

## Milliman Tells Pros and Cons of Level Premium Group Life

### Addresses A.M.A. Insurance Conference; Sees Possible Cure for Tax Muddle

NEW YORK—Discussing the substantial doubt that now exists as to whether premiums paid by an employer for level premium forms of group life insurance not involving annuity benefits constitute taxable income to the employee, Wendell A. Milliman, second vice-president and assistant actuary of Equitable Society, told the American Management Association insurance conference here that "there is some possibility that the precedent of the definition of wages for purposes of the social security tax may be followed."

Mr. Milliman said that in 1920 the Treasury Department ruled that premiums paid by an employer for group life insurance for his employees constitutes a proper deduction under the head of "ordinary and necessary expenses" in computing the employer's net income but that these payments do not constitute income to the employee for income tax purposes. This ruling did not limit the type of group insurance to which it applied although then, as now, term was substantially the only form of group insurance being issued. More recently, the development of pension trust programs involving life insurance and annuity benefits has resulted in a ruling which requires that premiums paid by the employer for the "life insurance element" of programs of this type shall be treated as income to the employee. The conflict between these two regulations has given rise to substantial doubt about the taxable status of level premium group forms not involving annuity benefits, as far as income to the employee is concerned.

#### Social Security Definition

Mr. Milliman said that the social security tax definition of wages provides substantially that premiums paid by an employer for death benefits provided under a general plan (such as a group life insurance policy) shall not be included in "wages" if the employee has not the right to receive the premium in lieu of the insurance and has not the right to assign the benefit or to receive a cash value with respect to the benefit. The logic of this rule, he said, is self-evident since it does not prevent or put substantial handicaps in the way of alternative methods of financing the cost of group life insurance so long as the employee has no contractual right to reduce to cash in his possession that part of the equity in the insurance which results from the employer's premium payments.

Discussing the general consideration applying to level premium group insurance, Mr. Milliman mentioned the administrative and accounting complications but said that in spite of these there are situations where the level premium form is preferable to the term type. Successful as group coverage has been, there have been some complaints. One of these has been that an employee insured for many years who loses his job can continue his insurance only by paying under an individual policy the premium applicable to his attained age. While it is true that no medical examination is

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## Ill. Bankers Sale Will Soon Proceed

### New Bids Will Be Taken for Stock of Monmouth Company

Now that the Illinois appellate court has affirmed, except for certain minor points, the judgment of Circuit Judge Miner of Chicago against the estates of Hugh T. Martin and Arthur T. Sawyer, the program will now be carried out of selling the stock of Illinois Bankers Life under the supervision of Judge Miner. First, however, there must be a retrial to establish how the proceeds of the sale of the stock shall be apportioned as between the policyholders of the old Illinois Bankers Life Association, who have never converted their contracts, and as between those assessment policyholders whose contracts were rewritten into the new stock company and who paid an extra year's premium in so doing.

When Judge Miner in November of 1943 handed down his decision he named Attorney Charles O. Rundall as trustee to supervise the sale of the stock, 80% of which is in the Martin estate and 20% in the Sawyer estate. Several bids were received but no sale was consummated because the Martin and Sawyer interests took the appeal. Undoubtedly Mr. Rundall will now call for new bids, since the company is worth more today than it was late in 1943.

The appellate court said that the Illinois insurance director and the attorney general should be brought into the case on rehearing. It will have to be determined not only how the proceeds from the sale of the stock shall be apportioned as between the two classes of policyholders but also the manner of its distribution to the policyholders.

### Court's Observations Scathing

The appellate court was scathing in its characterization of the scheme under which Martin and his associates created the new stock company, using policyholder money to buy the stock for themselves.

The conversion took place in 1929. The rewriting was handled by the late H. G. Shimp, who set up the American Conservation Co. for that purpose. Policies were dated back a year resulting in the rewritten policyholders paying an extra year's premium. Shimp got 70% commission and kicked back 25% of the premium to Martin, the kickback amounting to \$430,000. Martin paid \$150,000 for the original 1,000 shares and paid \$100,000 for additional stock that was issued in 1931.

Judge Miner's judgment not only required the Martin and Sawyer estates to turn back their stock but there was a money judgment of \$430,000 plus interest against the Martin estate. It is said that the estate has no assets except the stock so that little or nothing can be realized on that.

The appellate court said that the rewritten policyholders are entitled to a lien of \$150,000 on the proceeds of the sale of the stock, since it was money that those policyholders supplied that was used by Martin in buying the original \$150,000 of stock. In addition, the appellate court said, the rewritten policyholders are entitled to a lien for as much of the \$100,000 that was used in buying the stock in 1931 that it can be established on rehearing came from the \$430,000 kickback money.

### Woods Suit Settled

In the lower court there was a judgment also of \$160,000 against the estate of W. H. Woods, who was for several years president of Illinois Bankers. However, that liability was settled before the appeal was taken.

Martin and Sawyer, the appellate court stated, were fiduciaries and liability of

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## Reaches 1,000 Weekly "App" Record at Detroit

Charles E. Hodgman of Detroit March 15 submitted an application for his 1,000th consecutive week of personal production and moved up into the ranks of the honorary leaders of the weekly producers club of Mutual Benefit Life.

From the very start of his career with Mutual Benefit in Detroit in 1925, Mr. Hodgman has been a member of the club. His total from Nov. 1, 1925 to March 15, 1945 is 2,657 lives paid for in the Mutual Benefit, or an average of approximately 135 lives a year for almost 20 years.

He has been the company's leader in lives in 1937 with 173, in 1940 with 144, and in 1943 with 145.

His total production in Mutual Benefit exceeds \$8½ million and since the organization of the National Associates, top production group in the company, he has qualified for membership in 1939, 1942 and 1944.

He joined Mutual Benefit following the completion of his educational courses at the University of Michigan.



C. E. Hodgman

## Move to Expand Investment Range of Mo. Companies

A bill to expand the investment opportunities of domestic life companies has been introduced in Missouri and a hearing on it probably will be held April 3. It would authorize limited purchase of common and preferred stocks, equipment trust certificates and FHA loans. Total investments in preferred and common stocks would be limited to 5% of assets or 50% of surplus to policyholders, whichever is the less. A company may own not more than 5% of the total shares of any one corporation.

Mortgages could be made up to 66 2/3% of the fair market value instead of 50% as at present. Such loans could be made in any state or territory of the United States or in Canada. Presently mortgages may be made only in the 48 states and District of Columbia. The maximum of 66 2/3% may be exceeded to the extent that the excess is guaranteed or insured by the federal government in any state, territory or possession, Canadian government or province, or any city with a population of 100,000 or more.

A single loan on real estate may amount to 1% of assets or 10% of surplus to policyholders whichever is greater. Regulations governing investments in municipal bonds would be liberalized to include purchase of Canadian municipals and funds of all types of political subdivisions.

Investment could be made in equipment trust certificates of railroads.

## Increase Non-Medical Limit in Ariz. to \$5,000

The Arizona legislature, which has now adjourned, has increased the amount that may be written on a non-medical basis in the state from \$2,500 to \$5,000.

## Trust Officer Credit Speaker

Henry Cooper, II, trust officer of the Peoples-Pittsburgh Trust Company, will speak on "Credit Protection in Partnership Life Insurance" at a luncheon of the Credit Association of Western Pennsylvania in Pittsburgh April 10.

## Attacks on Tax Laws Depreciated

### Harrington Tells Boston Sales Congress State Regulation Will Be Upheld

BOSTON—"Four supreme court justices will uphold state laws regulating insurance and other justices will be slow in invalidating state laws," Commissioner Harrington declared in an address at the opening of the annual sales congress of the Boston Life Underwriters Association. He complimented life companies for going along wholeheartedly in seeking federal legislation, but expressed concern over the trend to challenge tax laws by companies in various states. Massachusetts' own tax laws should be changed to some extent, the commissioner said, and recommendations along that line will be made later. "If we enact proper legislation," Mr. Harrington said, "the federal government should retire entirely from any interference with the insurance business."

### Wolkenberg's Philosophy

Sidney L. Wolkenberg, Union Central, New York City, said his philosophy for selling consists of three fundamentals: Complete knowledge of life insurance; uncompromising intellectual honesty as to advice given, even at the sacrifice of a commission, and a keen desire to be of service to one's fellows. He first collects all of a prospect's policies; then, with added knowledge as to a will make an analysis report which will provide what a prospect can afford and, finally, budgets premiums, with the prospect putting his premium payments in a bank in advance, subject to control by the agent.

Wilbur W. Hartshorn, superintendent of agencies of Metropolitan Life, who began his insurance career in Boston, emphasized that in the "money market" today there is little favorable opportunity for investments in stocks and bonds but every inducement to buy life insurance. Even the tax situation favors utilization of the life policy for savings accounts. Fathers should be urged to take out life insurance to go to their sons now in service, to give them a start when they come out. The men in service have life insurance, agents should make sure that the man who takes the veteran's place also has life insurance protection.

Agents make a big mistake if they do not utilize the opportunity of giving service to the thousands of men who are coming out of active duty with their \$10,000 life insurance. More than 120,000 men a month are coming home now and they should be given sound advice and service. A changed social concept faces the life agent in the present world situation.

### Gaining Professional Status

Frank L. McFarlane, Northwestern Mutual, Cleveland, spoke on "Professional Life Underwriting." He urged that agents establish themselves as "professionals" in the business, as men who can be relied upon. Prestige building is most important. He has personally sought to establish himself as one outstanding in his business in the community. His program calls for (1) satisfied clients; (2) stressing the importance of the C.L.U. degree; (3) taking active part in the life underwriters association; (4) securing the cooperation of his general agent to write letters of endorsement and commendation of his clients and (5) sharing prominently in civic activities.

Paul Speicher, R. & R. Service, stressed the trend of the times whereby rich men's estates are being attacked by taxes, necessitating their turning more and more to life insurance to preserve the estate.

More than 500 were in attendance on the congress, a remarkable showing

## House Votes for Broad-Gauged Study of SS

WASHINGTON—The House Monday passed the resolution of Chairman Doughton of the ways and means committee authorizing the committee to make a thorough study of social security, with a view to new legislation.

Doughton said his committee will engage a staff of experts to make the study and report back to the committee, which will later hold hearings.

Doughton said the study will include old-age and survivors insurance, as to extension of coverage, benefits, rates of taxation, etc.; also unemployment insurance, and other phases. It is reported these latter will include health insurance or medical care.

"We will have our own staff to do the job," said Doughton. "The study will be made scientifically, on an actuarial basis. The staff may be the same as that of the joint committee on internal revenue taxation. We will keep in touch with that committee and with Chairman George and the Senate finance committee. But the responsibility is ours, as a revenue matter, under the constitution."

The joint committee was designated to study old-age and survivors insurance problems under Senator Vandenberg's resolution, which has passed the Senate, but has been pigeon-holed in the House rules committee.

Adoption of the Doughton resolution, it is believed, by-passes the Vandenberg proposal.

House committee action followed submission of a motion by Rep. Dingell, Michigan, co-sponsor of the Wagner-Murray-Dingell over-all administration social security program, to authorize expenditure of \$50,000 for social security study. While some committeemen at first favored limiting the study to rates of payroll taxation, ultimately all members voted for the broad-gauge investigation.

It is reported the study will cover: (1) The question of extending OASI to agricultural workers, domestic servants and possibly other groups such as state and local governmental employees and the self-employed; (2) OASI benefits and rates; (3) establishment of a permanent formula for payroll taxes, which have been frozen by Congress for three years in succession at 1% each on employer and employee; (4) the size of reserve for OASI; (5) whether and how general medical care or health insurance for the public should be provided; (6) more uniform unemployment insurance coverage and benefits; (7) a general check-up on how social security is working and whether the law requires technical changes.

## Reject Iowa Salary Increase

DES MOINES—A proposed salary increase for the Iowa insurance commissioner was rejected by the house after the senate had boosted the pay from \$5,000 to \$6,000 a year. When the senate amended the major appropriation bill to provide the increase, Commissioner Fischer was praised for his work. He has returned 20% of the department's appropriation during the last two years. However, when the amendment came up in the house it was pointed out other department heads had not received salary boosts and it was stricken out.

as the congress this year was limited to the Boston metropolitan district instead of all New England. Certificates were presented to heads of 21 Boston agencies for 100% membership in the Boston association. Merlin J. Ladd, New England Mutual, was chairman of the morning session and E. Benjamin Redfield, Jr. Northwestern Mutual, in the afternoon.

## Mich. Recodification Proposal Favored

**Spirited Hearing Held on Commissioner Forbes' Proposed Code Changes**

LANSING, MICH.—Strong sentiment for a complete recodification of Michigan's insurance laws was expressed at a joint insurance committee hearing on a department-sponsored code revision bill. Creation of a study commission to prepare a recodification for submission to the 1947 legislature was suggested by John Panchuk, counsel Federal Life & Casualty, and a former advisor to the insurance department as assistant attorney general. It was endorsed heartily by Clyde B. Smith, Lansing agent and former president National Association of Insurance Agents, who urged the insurance committees to assist the project. Mr. Panchuk had pointed out that while department officials had endeavored to patch up some glaring flaws in the existing code, only a complete recodification could give the state a modern, simplified and strong body of insurance statutes.

A proposal not embodied in the department's bill but suggested as advisable by the attorney-general's department drew strong objections. It would require that company appeals from adverse rulings by the department be prosecuted in the Ingham county circuit court here. Maurice Moule, assistant attorney-general, pointed out that this plan used by other state boards reduces expense and facilitates the litigation. Mr. Panchuk said that while he was an assistant attorney-general he had shared Moule's view but that he now considered such a provision definitely bad public policy. As the insurance department exercises quasi-judicial functions, such an attempt to limit test of departmental discretion to one county "narrows the channel by which its judgment can be questioned."

### Director Provision

There were also objections to the proposed elimination of the provision that a mutual director must be a member. Commissioner Forbes explained that this requirement had proved bothersome to highly specialized mutuals. L. J. Carey, counsel Michigan Mutual Liability, and others objected to abandonment of the principle as it might lead to irresponsible control of mutuals.

Norman Reynolds, Lansing, counsel Michigan Life Underwriters Association, offered several amendments. An increase in the non-resident agent's fee to \$30, he said, appears exorbitant for agents living along the state's boundaries. He suggested the present fee of \$10 be maintained for agents representing but a single company, noting that the higher fee might create complications due to the U. S. Supreme Court insurance is commerce decision. Mr. Reynolds also sought exceptions to the rule that policies written outside the state bear the counter-signature of a Michigan agent. Clayton F. Jennings, Lansing, said some reciprocal clients also wished this provision eliminated but it drew speedy support from Mr. Smith, other agent representatives, and Commissioner Forbes, who noted that a salaried representative in the state could sign.

The unlicensed agent provision was questioned by Mr. Reynolds who asked if it barred company representatives coming into the state to help agents. Commissioner Forbes explained it would not apply to salaried officers uncompensated by commissions but that if any officer attempted to sell insurance in the state, no matter what type of carrier represented, he should be licensed in order to afford the public proper protection.

J. T. Hammond, Benton Harbor at-

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## 3 Insurance Men Up for Directors of U. S. Chamber

WASHINGTON—Election of members of the U. S. Chamber of Commerce directors will be by mail, it is announced, voting being by chamber national coun-



L. F. Lee



C. O. Fischer

cillors. Election will be for two years.

Besides Laurence F. Lee, president Peninsular Life of Jacksonville, Fla., and Occidental Life of Raleigh, N. C., and president American Life Convention, who was recently nominated from the Chamber's fourth election district, candidates include William E. McKell, president of New York Casualty and vice-president American Surety, as a representative of insurance, and Chester O. Fischer, vice-president Massachusetts Mutual Life, representing the first election district, New England.

Mr. McKell will take the place of John M. Thomas, president of National Union Fire and president National Board of Fire Underwriters, whose term is expiring.

Carl N. Jacobs, president of Hardware Mutual Casualty, the other director for insurance, is completing the first year of his two-year term. Likewise F. L.

## Tax Avoidance Selling Is Strongly Denounced

The practice of using as a sales argument the fact that certain policies have tax exempt features was condemned by Louis W. Dawson, vice-president and general counsel of Mutual Life, writing in his company's publication.

Declaring that it has been the policy of Mutual Life "not to use life insurance in any way as an instrument of tax avoidance nor to permit our policyholders or the applicants for our policies to believe that the purchase of insurance places them in a tax position which will be unaffected by future changes in the law," Mr. Dawson warned that continued abuse of the tax plan may lead the Treasury Department to close the gap.

### Income Tax and Options

"There has been much attention given recently to the federal tax law that permits a beneficiary to receive monthly payments free from income tax," he stated. Under the present construction of the law benefits are tax free when

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Conklin, president Provident Life of Bismarck, has another year to go. He is a director representing his district, rather than being a representative of insurance.

There is an understanding that one of the insurance directors shall be a stock casualty or fire man and the other a mutual fire or casualty representative. The life group is represented by directors elected from their districts, with the prospect now of three life insurance men being on the board.

Stock casualty has not been represented for some time.

## Iowa 2% Tax Bill Is Passed

**Maine Companies Object to Equalization—Va. Relief Measure Passed**

DES MOINES—A flat 2% premium tax bill was passed by the Iowa house 64 to 37 and by the senate by a vote of 46 to 0. Efforts are being made to get the bill passed signed by the governor and published so it will be effective April 1. Previously the Iowa legislature passed a bill extending payment of the tax 30 days to April 1.

The senate exempted county mutuals from paying the tax by a vote of 33 to 11. The bill now goes back to the house for acceptance or rejection of the senate amendment.

The amendment carried after heated debate on whether county mutuals were in interstate business and whether exempting them would make the bill discriminatory. Sponsors of the amendment maintained that county mutuals were not in interstate business, that the Supreme Court decision did not affect state regulation acts and that county mutuals do not accumulate a surplus and therefore the tax would be on liabilities.

Administration leaders anxious to get the bill passed and in effect by April 1, claimed that a special session of the legislature might have to be called later if the funds are involved in court action and tied up. They also claimed that exempting mutuals would make the bill discriminatory.

The flat 2% tax replaces the present rate of 2½% for foreign and 1% for domestic companies. It also includes nonprofit hospital associations which previously were tax exempt.

It was also amended to increase the group and life annuity tax from 1 to 2%.

In the house Rep. Lane argued that if county mutuals were exempted it could result in the new act being declared unconstitutional. The 155 county mutuals would have to pay \$59,000 a year under 1943 figures.

### RELIEF FOR VIRGINIA OFFICIALS

RICHMOND—The Virginia legislature in special session passed a bill authorizing and empowering domestic companies to comply with the statutes of other states so as to relieve officers and agents of such companies from personal liability in the matter of taxes and fees.

### MAINE COMPANIES OBJECT

AUGUSTA, ME.—Substitution of a bill which would tax insurance companies on a graduated scale for a proposed measure levying a straight 2% tax on all, was suggested by Frank I. Cowan of Portland, former Maine attorney-general, representing several domestic companies at a legislative hearing here.

John G. Marshall, insurance department counsel, spoke in favor of the department bill for an equal tax which he said would end discrimination whereby Maine taxes foreign companies 2% and domestic companies 1%.

Mr. Cowan contended the tax equalization would work a hardship on small Maine companies competing with "enormously big foreign companies." He suggested that the tax be based on stock and surplus funds, ranging from .5% for companies with a surplus of less than \$125,000 to 2% for those with a surplus of more than \$750,000.

Commissioner Whitten said the state received \$739,000 in 1943 and estimated that the state would have had \$17,000 less under Mr. Cowan's plan.

Mr. Cowan had estimated that the loss in revenue under his plan would amount to only \$2,600. Maine received

## Links in the Chain

Our agency cashier tells the story of a man who "did not believe in life insurance," even though he had a wife and two small boys entirely dependent upon him. Nevertheless an undaunted underwriter finally did manage to place a small policy on his life.

He died five years later, and the widow was grateful for the insurance because it represented all she had left. She was appreciative that nothing prevented payment and that the payment was made without publicity.

She found work and had her own life insured, and influenced her sister to become a policyholder. And when her boys were old enough, she had them insured. When the oldest boy grew up and married she induced the wife to become insured. The wife had ten brothers. They have now heard life insurance recommended by the satisfied beneficiary—and by the underwriter.

More endless chains will be pulling for life insurance when more underwriters realize that a chain does not forge itself, and that

Iron left alone will rust!

• • •

THE PENN MUTUAL LIFE INSURANCE CO.

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

\$14,000 from the domestic companies and the rest from foreign companies in 1943, Mr. Whitten said.

Harold E. Rogers, former deputy insurance commissioner, representing the Saco Mutual Fire, endorsed Mr. Cowan's proposal while Thomas N. Weeks, Waterville, representing foreign companies, spoke for the original bill.

#### PROTESTS SWAMP OKLA. DEPT.

OKLAHOMA CITY—The senate has passed a bill giving much needed relief to the Oklahoma insurance department by appropriating an additional \$3,000 for its operating fund. The large number of insurance companies that have paid their 4% premium tax under protest has literally swamped the department with work, Commissioner Read reports.

#### CLASH AT WISCONSIN HEARING

MADISON, WIS.—Unless Wisconsin irons out the inequalities in its insurance tax laws, the state risks the loss of much revenue, Commissioner Duell declared at a joint committee hearing on the flat 1½% premium tax bill backed by the insurance department. Stock companies favor the measure while mutuals and fraternalists oppose it. Under the bill domestic mutual fire companies would pay \$45,000 and domestic life companies \$106,000 more taxes, Mr. Duell estimated.

H. M. Wilkie, Wisconsin Mutual Alliance, claimed that the U. S. Supreme Court majority opinion shows no intention to disturb state tax laws and even if a part of the state laws are held invalid that it would be a simple matter to correct the situation afterwards. "So far no one has ventured the opinion that our Wisconsin laws are invalid," Mr. Wilkie said. "The most that has been said is that there is doubt, and if some company brings suit it might be successful. So it is argued that we should give up our policy of exempting non-profit companies and change to a system that will tax all."

#### Wants to Wait

"We object to having this bill stamped through on the ground that great harm would result if it were not passed. A rush job is the worst job. Why can't we wait a couple of years? The fact is that supporters of the bill are afraid that if the existing laws are not repealed, they will be sustained."

Harold Persons, assistant attorney-general, said that the attorney-general's staff believes there is grave doubt of the validity of tax laws that tax at different rates. Insurance groups, he said, can bring on federal regulation quickly by refusing to cooperate with the state.

#### Ekern Opposed Bill

"I defy any lawyer to say that inclusion of fraternalists in the law is necessary to make the law valid," challenged Herman L. Ekern, spokesman for the National Fraternal Congress and the Wisconsin Fraternal Congress. "It is my opinion that the attorney-general should uphold the legislature. The attitude of Congress is that this is a matter for the states. All states have eliminated fraternal societies from their tax bills."

Gerald M. Swannstrom, general counsel Northwestern Mutual, accepted the bill for his company.

Noah J. Frey, president Wisconsin Life, asserted that the fraternalists have converted to the legal reserve plan, and that they compete with other insurers on equal footing.

"Who is the little fellow?" he demanded. "The Aid Association for Lutherans, a tax free mutual, has \$47,000,000 more insurance in force than all five of our domestic companies together. To say that my company with \$1,500,000 income is commercial and should be taxed, and that this association with \$12,000,000 income is a banding together of neighbors and should not be taxed is a strain on the imagination."

Others who spoke for the bill were John Bissler, associate counsel Old Line Life; Meade Spelman, assistant general

## Equitable Gets Blood Donor Award



Last week the American Red Cross presented President T. I. Parkinson of Equitable Society the blood donor award in recognition of the outstanding contribution made by members of the home office staff. The presentation was made by Mrs. J. Watson Webb of the New York chapter of American Red Cross, at a ceremony in Equitable's home office, attended by blood donors,

Red Cross workers and other employees.

In addition to the several hundred home office employees making regular visits to the blood bank, the Equitable girls' Red Cross unit is engaged in the preparation of surgical dressings and other activities in support of the Red Cross.

Equitable Society has 2,015 employees and agents in service.

counsel Wisconsin National Life; and C. O. Pauley, secretary of Great Northern Life.

Others opposed were: S. A. Oscar, Milwaukee, who spoke for 60 fraternal societies; August Rammer, Wisconsin Association of Mutual Fire Insurance Companies; George Eppenheim, Milwaukee Blue Cross Hospital Service; Norton J. Williams, president Equitable Reserve; Max J. Leuterma, Catholic League, Milwaukee.

#### PRUDENTIAL SUIT IN MICH.

LANSING, MICH.—Injunctive action was started in Ingham county circuit court by counsel for Prudential, asking that Michigan state officials be restrained from revoking or suspending the company's license or licenses of its agents in this state for failure to pay the annual premium tax, due April 1, or renewal fees for agents' licenses.

Judge Carr issued an order to show cause, returnable March 30, directed against the three named defendants: Commissioner Forbes; D. Hale Brake, state treasurer, and Louis M. Nims, revenue commissioner.

It is understood that Prudential, if it obtains the temporary order, will deposit with the court the \$472,000 in premium taxes claimed due and a sufficient sum to cover the \$2 annual license fee for each of some 2,000 agents.

Papers served on the commissioner indicated that Pacific Mutual is intervening in the suit and evidently intends a similar contest in conjunction with Prudential's action. Pacific Mutual's premium tax bill under the 2% levy is slightly less than \$15,000.

The 2% uniform premium tax bills backed by the administration are still being held in the senate taxation committee. They are being vigorously opposed by the home carriers who deny the likelihood that the state's premium tax law would be construed by the courts as a "burden" on interstate commerce and hence void under the S.E.U.A. opinion. They contended it would be inadvisable to change the tax law immediately, in view of the moratorium, pending a thoroughgoing study and the outcome of pending test litigation in other states.

#### MISSOURI SENATE PASSES BILL

ST. LOUIS—The Missouri senate

now has passed the insurance department's uniform 2% tax bill after amending it to exempt reciprocals. Floyd Jacobs, of Kansas City, attorney for the reciprocals, requested the change. It is estimated that the bill will impose a total tax of \$150,000 on the Missouri companies.

Aside from the request that the reciprocals be exempted there was no opposition at the hearing on the measure. Fowell B. McHaney, vice-president and general counsel General American Life, explained that the Supreme Court decision made it necessary for Missouri to bring its laws into line so as to eliminate any charges of discrimination.

An emergency clause will make the measure effective upon being signed by the governor. Such a clause is necessary if the domestic companies are to pay the tax on their 1944 business.

#### N. H. BILL SIGNED

The governor of New Hampshire has signed the bill removing the premium tax differential between foreign and domestic companies and substituting a 2% tax on all companies. The filing fee will be reduced from \$150 to \$60 and domestic companies will pay the same \$2 fee for agents' licenses that are now paid by foreign insurers.

#### MONTANA TAX ISSUE

Standard Accident has paid its premium tax of \$2,500 in Montana under protest, alleging it is an undue burden on interstate commerce in that the tax is exacted as a condition to the exercise of the privilege of engaging in interstate commerce, it is not properly allocated in that there is no reasonable relationship to the local benefits or privileges in return for which it is exacted, it bears no reasonable relationship to the cost of insurance supervision, it imposes a cumulative burden by taxing or permitting the taxation of the same dollar in more than one state.

#### NO ACTION IN KANSAS

The Kansas legislature adjourned Wednesday without passing the bill which would have applied to all companies the 2% premium tax now applicable only to foreign companies.

## Gives X-Ray Slant on Underwriting Record of 1944

Fidelity Mutual Life has made an interesting analysis of its 1944 record in respect of type of policies issued, rejection rate, average sized policy, etc. During the year there were received 8,450 applications for \$47,425,022 and final action was taken on 8,380 for \$46,719,103. Of the total applications 7,143 were issued as requested, totaling \$37,775,517 or 80.8% of the amount involved. Nine percent or 755 for \$4,993,551 or 10.7% of the total amount were issued on a modified basis. Only 3.7% were rejected. This was the lowest rejection rate in history. The amount rejected was \$2,833,120 or 6.1%. There were 169 cases or 2.1% marked off.

The average sized policy was \$4,899 as compared with \$4,331 in 1943.

Standard issues totaled 847 cases for \$5,148,437 or 10.7% as to number and 12% as to amount.

Non-medical applications numbering 2,549 were received for \$5,486,641 representing 30.4% as to number and 11.7% as to amount. The corresponding ratios in 1943 were 23.2 and 8.9. During 1944 the non-medical privilege was extended to juvenile ages and to married self supporting women.

Examinations were requested in 276 cases or 10.8% of the non-medical applications. Of these 4% were rejected and 20% of these on which examination was requested did not comply with the request. Of the total number of non-medical applications 93.2% were issued as requested.

Of the business submitted 1,518 applications or 18.1% by number were on the lives of persons 15 years or younger. The total volume was \$2,879,910, the average policy being \$1,897.

Of the total paid cases 42.6% by number and 41.7% by amount were on life plans while 39% by number and 37.1% as to amount were on endowment plans. Ordinary life accounted for 23.9% by number and 26.3% by amount. Next came income for life at age 65, which accounted for 15.5% by number and 16.9% by amount. Of the total business 14.6% were on lives under 10, the most popular plans being 20-pay and endowment at age 18. Of the total death claims of nearly \$5 million, 104 for \$332,000 were on lives of service persons. The average age of the insured at death was 59.8, the average duration of the policy 22.88 years.

#### Samuel Miller in IRB Post

WASHINGTON—The internal revenue bureau pension trust division headed by B. J. Harrill, has a group of experienced actuaries engaged in policy-making actuarial work and decisions incidental to the disposition of pension trust and profit-sharing plans submitted to the bureau for approval.

This group includes Capt. Samuel Miller, for 13 years with Equitable Society, in New York; Edward Sellers and Albert E. Kripke. They assist in formulating actuarial policy decisions for the guidance of the headquarters office of the pension trust division and its various field agents passing upon plans under the program of decentralized action on such plans.

Capt. Miller spent a year with the War Department insurance contract office handling group insurance matters, after which he was transferred to Wright Field air force headquarters. Prior to his medical discharge from the army recently, Capt. Miller was in charge there of group insurance and pension matters, under the War Department rating plan, covering employees of contractors for the AAF.

Harry R. Schultz, president of the Chicago C.L.U. chapter, has appointed a special gifts committee whose chairman is John O. Todd, Northwestern Mutual.

## Chicago Officials Attacked in Stockholder Suit

The management of United issued this statement:

"Ever since our organization we have been examined at frequent periodic intervals by the department of insurance of Illinois and of other states in which we transact business and all of our accounts and transactions are public records.

"Our legal counsel, Anan Raymond of the firm of Poppenhusen, Johnston, Thompson & Raymond, advises us that the claims made in the complaint are entirely without legal foundation and appear to be the action of some misinformed person."

The management of United points out that one of the stockholders bringing the suit, Raymond K. Morrison, has a total investment in stock of United of \$2,600. He has received cash dividends since 1927 of \$1,929 and his present holdings, including stock dividends of 157 shares are worth, at liquidating value, disregarding unadmitted assets, \$10,498.

The plaintiff stockholders own a total of 210 out of the 27,000 shares. Their total investment was \$3,688. They have received in dividends \$2,969 and their equity in capital-surplus is \$15,246.

Several stockholders of United of Chicago have charged O. T. Hogan, president, and A. D. Johnson, secretary, with obtaining control of the company's stock through manipulation of its premium income and have filed a stockholder's suit to divest them of their stock and to recover various moneys alleged to have been illegally obtained by various methods. Circuit Judge Finnegan in Chicago, before whom the suit was filed, issued an injunction restraining other stockholders from starting other actions on this account. The gist of the complaint is that the stock was paid for by commissions under an illegal agency arrangement.

The suit does not claim that United's finances are impaired. It claims, in fact, that the value of the company's stock has been greatly enhanced, but charges that the stock was engineered for the benefit of Mr. Hogan and Mr. Johnson and that they have profited illegally at the expense of other stockholders.

### Use of Holding Corporations

The stockholders bringing the suit are R. K. Morrison and A. D. Waddell of Joliet, and Elizabeth V. Rose, W. R. Rose and R. M. Rose of St. Paul. L. C. Murtaugh of Marshall, Murtaugh & Burgeson and K. H. Wells, Chicago, are attorneys for the complaining stockholders.

The complaint charges that, beginning in 1929, the two officers, who held the same offices then, used three corporations, Investors Finance & Thrift Corp., United Industrial Shares, Inc., and Industrial Insurance Shares, Inc., one of which took title to more than 51% of the stock of United. The money to buy this stock was raised by a loan of \$200,000 from the Foreman-State National Bank of Chicago, now defunct, and, the bill continues, stock in United and in United Industrial Shares was pledged with the bank as security for this loan.

### Loan Paid out of Commissions

To pay off this loan, the stockholders charge, the two officers made United Industrial Shares an exclusive general agent for United, paying that corporation an overriding commission of 4% on all accident and health premiums and 3% on all life premiums until 1934, and then a straight 3% on all premiums until November, 1944. The complaint alleges that this corporation was not licensed to act as an insurance agency and in fact did nothing for the commissions, but that the money secured



Scene at annual sales conference of Boston Life Underwriters Association.

Back Row (left to right): Herbert W. Florer, Aetna Life, chairman speakers committee; Richard F. Wagner, Connecticut General, co-chairman; E. Benjamin Redfield, Jr., Northwestern Mutual, chairman afternoon session.

Front Row (left to right): William H. Daley, Jr., Connecticut General, vice-president; Montague P. Ford, president; Commissioner Harrington and Merlin J. Ladd, New England Mutual.

in this manner was used to pay off the loan. After the Foreman Bank failed, the loan was taken over by First National Bank of Chicago.

Another charge made in the complaint is that United's Michigan business was reinsured with Great Northern Life in 1932 under an arrangement which netted United nothing, but was profitable to the two officers. Great Northern Life, the complaint charges, agreed to pay Investors Finance & Thrift Corporation 25% of the profits of the reinsured business and S. J. Arcaris, Detroit, formerly Michigan general agent for United, who became connected with Great Northern Life in a similar capacity, agreed to pay that corporation 95% of his profits on United's former Michigan business.

Other charges in the complaint are illegal loans to the officers and improper payments to financiers and attorneys for making the arrangements. As a result of these moves, out of a total of 27,000 shares of United stock, 13,770 are controlled by the two officers, mostly in the ownership of Investors Finance & Thrift Corporation, with lesser amounts owned by them personally. No dividends were paid to United stockholders from 1930 to 1940. The complaint asks that a trustee be appointed to take title to this stock and to recover the moneys paid out for the benefit of the stockholders.

United was organized by Mr. Hogan and Mr. Johnson in 1927. They had been associated previously in the management of United States Mutual and organized United to take over the business of the former company. They have been an outstandingly successful team in the accident and health field and United is now developing its life insurance department more aggressively.

## Guertin Laws Passed in Four Additional States

The Guertin legislation so far this year has been enacted by the legislatures of Tennessee, West Virginia, Montana and North Carolina and has been signed by the governors of each of those states except West Virginia. This makes a total of 20 states in which the legislation has been made effective. There were 14 states that passed the Guertin laws in 1943, two last year and four so far this year. It is hoped that two or three other states will pass the law this year.

### Second Course for Veterans

A second refresher sales training course for veterans of the present war who have returned to production for Northwestern Mutual Life will be held at the home office the week of April 16. The project is sponsored jointly by the company and its general agents. Twelve agents from coast to coast will attend, and 15 company officers will comprise the faculty, conducting morning and afternoon classes for five days. Other schools will be held later.

## No Group Waiting Period for Retiring Veterans

"Employers of this country will lean over backwards in considering veterans as candidates for employment," was the opinion expressed by Philip N. Eckman, second vice-president of John Hancock Mutual Life at the meeting of the insurance division of the American Management Association in New York.

"I think this will be especially true of the thousands of progressive employers who have employee insurance and pension plans in effect," stated Mr. Eckman. "My opinion is substantiated by the reactions already received from a large number of employers who have discussed this problem with us or written to us about it, indicating very clearly their strong feeling that returning servicemen deserve and should be given every possible consideration."

Mr. Eckman pointed out that while most group insurance plans require a waiting period before new employees become eligible for the insurance, this waiting period probably will not be invoked in the case of a returned veteran, even though the veteran has a medical discharge and is obviously not as good a physical risk as before.

"Even the veteran who goes to work for a new employer," stated Mr. Eckman, "in all probability will find that regardless of physical or other handicaps, the insurance plan will be open to him fully and completely."

## Peoria Round Table Held on Business Liquidation

Three Chicagoans outstanding in the field of insurance arrangements for funding purchase of the interests of a deceased businessman in his firm took part in an open forum on business liquidation sponsored at Peoria, Ill., by the C.L.U. chapter. They were Paul W. Cook, general agent Mutual Benefit, a "millionaire" producer; B. M. Becker, attorney, and Harve H. Page, vice-president and trust officer Northern Trust Company.

Mr. Page developed the problems encountered by an executor and trustee in disposing of the business interests of a decedent in a corporation. Mr. Becker dealt with the legal problems facing the executor, trustee and lawyer in liquidating a proprietorship, partnership or stock interest in a close corporation. He pointed out the terrific shrinkage in the value of the business interest that occurs where no arrangement for its disposition had been made.

Mr. Cook emphasized the impact that estate and income taxes have, which makes it imperative, he said, that a business man make arrangements for an orderly liquidation of his business interest at his death. He gave a fine demonstration of a life insurance sale employing this theme.

## Policy Equities in 1944 Increase 7.7 Billion

WASHINGTON—During 1944 individuals added \$3.3 billions to their equity in private insurance, mostly life, according to the Securities & Exchange Commission report analyzing the volume and composition of saving by individuals in the United States. Last year also was marked by \$4.4 billions addition to individuals' equity in government insurance.

"As in prior years," says SEC, "the growth in insurance and pension reserves formed an important part of total saving. The increase in individuals' equity in private insurance in 1944, amounting to \$3.3 billion, was \$200 million higher than in 1943, while the increase in government insurance, amounting to \$4.4 billion, was \$600 million higher than in the previous year.

"The increase in government insurance in 1944 reflected a marked rise in the national service life insurance fund, amounting to \$1 billion, as well as a record \$2.7 billion increase in social security funds, and \$600 million increase in various civil service and railway retirement funds."

SEC statistics on insurance and pension reserves show gross savings by individuals in this country in that field of the following total billions: 1940, 2.9; 1941, 3.8; 1942, 4.9; 1943, 6.9; 1944, 7.7.

By quarters during the last two years billions of savings in those lines were: 1943, October-December, 1.8; 1944, first, second and third quarters, each 1.9; fourth quarter, 2.0.

Individuals' gross insurance and pension reserves savings, in billions, are broken down for the last 5 years: 1940, 1.7 private insurance, 1.2 government insurance; 1941, 2.1 and 1.8; 1942, 2.5 and 2.4; 1943, 3.1 and 3.8; 1944, 3.3 and 4.4.

## Speculation Starts as to Scheufler's Successor

JEFFERSON CITY, MO.—Speculation has started as to whom Governor Donnelly will select as head of the insurance department to succeed Superintendent Scheufler, a Republican, when his term expires June 30.

It is reported that Roy McKittrick, former attorney general, would be quite willing to take the job, but the fact that McKittrick was the only state-wide Democratic candidate to meet defeat in November has caused him to be regarded as something of a political liability.

Insurance men prominently mentioned include Joseph J. McGee of the general agency of Thomas McGee & Sons, Kansas City; T. L. Farrington, a vice-president of the Lawton-Byrne-Bruner agency, St. Louis, and A. B. Jones, St. Louis manager of Western Adjustment.

Carl J. Henry, Butler attorney and former state senator, who has been prominently mentioned for the post has been named on the unemployment compensation commission.

There is a growing movement in favor of retaining Mr. Scheufler in the position until he can get through the legislative program made necessary by the Supreme Court decision in the S.E.U.A. case. It has the backing of a number of insurance men who are Democrats and strong supporters of the governor. One suggestion is that Governor Donnelly pick Mr. Scheufler's successor and then have him go into the department as chief deputy for several months, so that he could gradually work into the big problems of the post under present conditions.

C. C. Wyandt, veteran general insurance agent at Abilene, Kan., was honored by Union Central Life, which he has represented for 50 years.

## Actuarial Society Cancels Parley; to Elect by Mail

Cancellation of the 1945 annual meeting of the Actuarial Society scheduled to be held in May has been approved by the council of the society.

In 1943 one of the usual two meetings of the society was held, but in 1944 both meetings were cancelled at the request of the Office of Defense Transportation. The 1945 spring meeting was cancelled in compliance with the recent ODT order forbidding conventions, meetings, etc.

The presidents and two vice-presidents of the society serve, by custom, for two one-year terms. The present principal officers having taken office in 1942, they would have retired in 1944 according to this custom, but in absence of a meeting and election last year they were continued in office.

The president of the society, J. B.

Maclean, vice-president and actuary of Mutual Life of New York, recommended that an election should now be held by mail. The council approved the recommendation and a committee has been appointed to conduct the mail ballot.

## Lapses Among War Workers

ST. PAUL—Some life men here are beginning to be concerned over the increase in lapses, involving mostly war plant workers who have moved elsewhere and dropped life insurance taken out in the last year or two. The trend is disturbing to agents who have written a considerable volume of that business.

R. E. Irish, president of Union Mutual Life, has been appointed to the Maine Development Commission. He is a director of the Maine General Hospital of Portland, Fine Tree council Boy Scouts of America and treasurer of the Maine war chest.

## Liberalization of Aviation Cover Is Resumed

The trend toward liberalization in aviation underwriting, which was halted at the start of the war, has been resumed by the life companies, according to the Institute of Life Insurance. Analysis shows that both passengers and crew members now can secure life protection on the most liberal basis of any time in the history of aviation, though practices vary widely between companies. A number of insurers have adopted rates and rules more liberal than those applying in pre-war 1940, and more are considering similar revisions.

More than two-thirds of the companies studied now include airline passenger travel, regardless of the amount, at standard rates, and the remaining companies accept airline passenger flying up to normal amounts, 150 to 200 hours of flying annually, at standard rates. In 1940 about one-third of the companies accepted such passengers at standard rates regardless of amount of travel.

## Half Insure Pilots

Half of the companies questioned now include airline flying for airline pilots at extra premiums ranging from 50% to 80% lower than those charged before 1940. Almost all of the remaining companies will insure such pilots at standard rates covering death from all causes other than aviation, compared with about one-fifth in 1940. The size of policy available has increased, and now is as high as \$25,000, compared with \$5,000 in 1940. Crew members are treated as pilots.

Extra premiums on owner-operators of pleasure craft are about 50% less than those charged before 1940. Nearly one-third insure passengers in private pleasure craft at standard rates if such flights are not too numerous, the amount of flying recognized as normal ranging up to 100 hours annually.

## Underwriting Civilian Pilots

Civilian pilots of private company planes are treated much as airline pilots if equally qualified. The extra premium charged is 50 to 80% lower than in 1940. Passengers in private company planes will be insured by more than half of the companies studied at standard rates where flying is not excessive, the limits usually being up to 100 hours annually.

It was only 15 years ago that pilots had difficulty in securing life insurance at all and those insuring them required extra premium four or five times the present extra premium, according to the institute.

## Women Present Program in San Francisco

SAN FRANCISCO—A report on the progress of women agents was presented to the San Francisco Life Underwriters Association by Mrs. Genevieve MacIver, women's division manager Equitable Society, San Francisco.

Replies to a questionnaire from 24 San Francisco women producers showed they paid for a total of \$3,275,545 in 1944. Only three reported that they sold more business to men than women. Six women wrote from 65 to 80% of their business on cold canvass. Two of the group produced one or more applications in each of the 52 weeks of last year. One produced 76 applications, another 79, a third, 103 and a fourth, 106.

Mrs. Dorothy Marden, Equitable Society, association vice-president representing the women's division told of the ambition of the women to win the respect and cooperation of the men in the business.

Mrs. Gladys Sinnott, Fidelity Mutual Life, San Jose, Cal., told of her success in using the tax approach. She reviewed a \$210,000 partnership case she recently closed, principally on the income tax approach. Mrs. Sinnott

was formerly secretary to the late J. E. Fitzgerald, for many years a million dollar producer for Fidelity Mutual Life. She has developed a wide clientele among widows with incomes.

## Offer Ill. Investment Bill

A bill to liberalize the Illinois investment law for domestic insurers that is sponsored by the insurance department has been introduced in the legislature. It provides for investing in bonds or other obligations of a housing authority and mortgages of neighborhood redevelopment corporations. It also provides that the investment in any single bond issue shall not exceed 20% of assets. Presently there is that limitation plus a provision that the company may take only 10% of any issue.

## Assn. Group Bill in Ohio

COLUMBUS, O.—A bill has been introduced in the Ohio senate to permit the issuance of group life without medical examination to the employees of employers who are members of industrial or trade associations. The premiums may be paid by the employer or by the employer and employee jointly. Not less than 75% of eligible employees of at least 50% of the eligible employers may be insured.



**LIFE INSURANCE.**  
WISE, INDIANAPOLIS CAME  
CLOSE LAST WEEK TO LIVING  
UP TO ITS SLOGAN,  
"THE CROSSROADS OF THE  
NATION."

FRANK VESSER, Sup't of Agencies, General American, was with us to talk over visual selling programs for his company.

E. P. HIGGINS, Sup't of Sales Promotion, Sun Life of Canada, spent a day at R & R, reviewing plans for re-training returning veterans.

S. J. HAY, president, Great National of Dallas, and RICHARD N. LEWIS, field supervisor, conferred with us on the development of a new Social Security selling plan.

I. M. GILBERT, Agency Supervisor, Crown Life, came down from Toronto for a conference on preliminary training programs.

THESE MANY VISITS indicate an awareness on the part of agency heads that now is the time to streamline and revamp training and sales programs. Fundamentals are changeless but specific applications change — and with particular rapidity when the economic picture is changing rapidly.

SUCH VISITS KEEP OUR OWN THINKING UP TO DATE AND THUS HELP US DO A BETTER JOB FOR ALL OUR MEMBERS.



PAUL SPEICHER  
Managing Editor

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Connecticut General representatives are part of an organization thoroughly experienced in handling all forms of personal insurance, Group insurance, Pension Trust and Business insurance plans. Because Connecticut General offers all types of contracts for these various forms of protection, Connecticut General service is not only flexible but unbiased.

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## 1944 Record in Colorado and Kentucky

## COLORADO

Figures shown are ordinary unless designated (G) for group and (I) for industrial.

	New Business	In Force
Acacia Mut. Life.....	2,216,242	10,018,643
Aetna Life.....	1,737,327	16,523,989
(G) 5,124,752	8,609,265	
Aetna Life.....	1,737,327	16,523,989
American Natl. ....	1,671,887	5,329,088
(I) 3,841,962	9,015,364	
Bankers Life, Ia.....	834,423	11,854,839
Bankers Union Life....	1,438,192	6,423,535
Beneficial Life.....	498,418	1,089,686
Business Men's Assur.	1,586,819	5,232,928
(G) 195,438	974,050	
Cal. West. States Life.	2,261,327	18,972,905
Capitol Life.....	261,670	12,453,277
(G) 99,107	993,552	
Central Life, Ia.....	425,313	3,781,758
Columbian Natl. ....	694,631	4,204,257
(G) 651,641	1,453,645	
Conn. Mut. Life.....	1,316,881	13,914,808
Continental Assur....	170,699	1,328,747
(G) 56,288	223,993	
Equitable Soc. ....	2,321,161	35,885,578
(G) 12,866,463	19,172,113	
Equitable Life, Ia.....	2,013,848	10,959,614
Farmers & Bankers....	1,431,470	3,395,831
Federal Life.....	163,500	1,324,327
Franklin Life, Ill....	861,110	7,938,150
(G) 408,000	4,432,827	
General American....	410,500	99,839,298
(G) 7,865,296	20,758	
Great Northern.....	1,888,673	2,953,238
(I) 1,802,292	2,291,159	
Guardian Life.....	509,001	5,415,708
Home Life, N. Y.....	248,277	6,455,454
Jefferson Stand. Life.	839,132	5,531,955
John Hancock Mut....	1,177,220	3,693,644
(G) 1,821,159	2,410,959	
(I) 116,477	398,088	
Kansas City Life.....	2,900,601	27,518,697
(G) 720	9,660	
Lincoln Liberty Life..	684,533	4,109,273
Lincoln Natl. ....	3,283,594	11,952,221
(G) 156,550	1,014,350	
Lutheran Mut. ....	133,887	520,643
Manhattan.....	288,262	3,449,681
Massachusetts Mut....	2,327,246	15,119,136
Massachusetts Prot....	84,891	856,939
Metropolitan.....	5,420,606	60,745,706
(G) 5,629,300	14,509,000	
(I) 2,550,101	30,955,581	
Midland Natl. Life....	1,479,662	2,705,348
Midwest Life.....	1,464,781	6,443,752
(G) 78,000	461,000	
Modern Life.....	141,194	211,743
Mutual Benefit Life..	1,066,191	21,386,238
Mutual Life.....	3,852,788	33,517,937
National Life, Ia.....	272,500	1,758,651
National Life, Vt....	266,606	6,237,347
National Reserve Life.	263,000	426,307
New England Mut....	2,306,287	16,510,219
New York Life.....	9,343,394	98,072,137
North Amer. Re., N. Y.	502,500	2,261,800
Northern Life, Wash.	261,997	1,553,329
Northwestern Mut....	2,449,943	48,622,997
Northwtn. Natl., Minn.	473,782	4,199,325
(G) —26,500	1,780,230	
Occidental Life, N. M.	566,280	3,912,762
Occidental Life, Cal..	1,227,939	7,661,875
(G) 14,105	1,295,978	
Ohio Natl. Life.....	276,454	3,318,611
Old Republic Credit..	1,169,562	1,216,321
Pacific Mut. Life.....	1,093,098	12,785,129
Pacific Natl. Life....	690,631	1,881,657
Paul Revere Life.....	102,908	725,908
Penn Mutual.....	1,085,029	15,306,858
Provident Life & Acci	1,430,389	16,446,043
Prudential.....	13,529,424	103,181,008
(G) 1,832,392	7,491,037	
(I) 6,055,481	70,845,612	
Royal Highlanders....	377,100	925,751
Security Life & Acci..	2,375,087	15,674,163
Security Mut., Neb....	413,500	1,030,507
State Farm Life.....	292,708	1,361,628
Sun Life, Can.....	914,157	10,076,370
(G) 705,058	856,444	
Travelers.....	1,250,786	20,470,791
(G) 3,324,689	11,170,654	
Union Central Life....	826,163	16,104,936
Union Life, Ark.....	2,000	9,500
Union Natl. Life.....	169,500	344,922
United Amer. L., Colo.	3,543,894	7,842,193
(I) 116,514	844,521	
United Benefit Life...	440,237	5,146,224
Wash. National.....	268,877	2,193,852
(G) 1,005	3,249	
West Coast Life.....	190,487	2,107,316
(G) 49,500	105,000	
Woodmen Central Life	86,250	119,014
World.....	117,000	102,000
Total Ordinary.....	98,179,370	897,452,207
Total Group.....	40,608,526	194,108,843
Total Industrial.....	14,477,027	114,350,325
Total All Classes....	153,264,923	1,205,911,375

## KENTUCKY

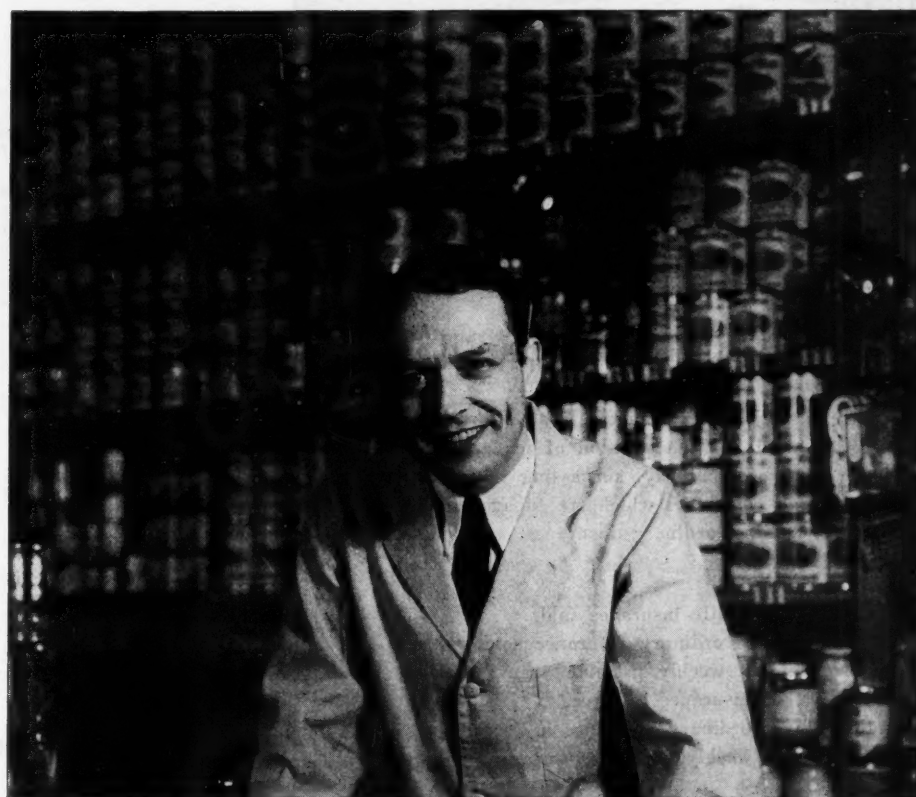
Acacia Mutual.....	1,497,635	6,730,114
Aetna Life.....	1,433,563	14,849,119
(G) 14,013,436	22,307,882	
Alliance Life.....	167,740	1,250,338
All States Life.....	57,155	315,602
(I) 2,318,416	2,795,620	
American Life, Ala....	.....	1,000
(I) 552,327	422,327	
Amer. Life & Acc., Ky.	4,700	553,117
(I) 14,958,763	26,583,328	
American Natl. ....	1,148,512	3,753,010
(I) 3,414,255	11,035,090	

	New Business	In Force
Amer. United.....	889,220	3,648,490
(I) 138,287	867,533	
Atlanta Life.....	539,946	2,057,558
(I) 1,825,520	12,331,006	
Bankers Life, Ia.....	29,375	1,007,475
Berkshire.....	131,797	2,137,633
Bus. Men's Assur....	736,686	4,841,634
Commonwealth.....	11,265,136	58,134,504
(G) 158,000	785,532	
(I) 10,544,929	54,629,453	
Conn. General.....	486,370	2,253,297
Conn. Mutual.....	1,666,149	17,285,840
Continental Assur....	314,786	2,431,234
(G) 5,001,795	14,326,540	
Credit Life.....	257,274	128,044
(G) 48,907	24,454	
Cuna Mutual.....	22,000	48,930
(G) 280,843	1,182,454	
Equitable Society....	1,330,858	32,863,231
(G) 16,756,531	48,339,230	
Equitable, Iowa.....	201,102	5,008,795
Expressmen's Mut....	17,089	328,600
Fidelity Mutual.....	1,212,325	9,705,044
Franklin Life.....	217,500	884,956
Geo. Wash. Life.....	911,821	7,703,180
(G) 12,000	152,787	
Great Northern.....	44,704	2,251,981
Guarantee Mutual....	191,777	3,777,945
Guardian Life.....	331,022	5,642,006
Home Life, N. Y.....	500,200	5,642,006
Jefferson Standard..	3,080,995	19,524,706
(G) 6,476,767	10,283,804	
(I) 1,079,964	8,132,796	
John Hancock.....	1,562,823	5,306,190
(I) 915,000	2,684,430	
Kansas City Life....	6,180,256	13,615,773
Ky. Central L. & A....	978,382	10,029,780
(I) 216,000	3,381,000	

	New Business	In Force	Name of Company	New Business	In Force
Liberty Life, S. C....	106,168	681,234	Protective.....	27,000	147,370
(G) 17,000	566,250		(G) 309,056	1,795,812	
Liberty Natl. ....	8,699	366,033	Provident L. & A....	1,942,750	5,278,800
Life & Casualty.....	2,069,465	7,973,100	(G) 1,571,208	12,788,874	
(I) 7,508,326	25,340,339		Provident Mut.....	10,474,800	104,883,037
Life of Virginia.....	66,532	580,556	Prudential.....	23,535,444	46,681,770
(G) 6,500	25,500		(I) 4,003,100	64,657,477	
(I) 406,575	2,619,776		Reliance.....	1,919,310	13,581,037
Lincoln-Income.....	1,645,788	2,492,703	Shenandoah.....	301,904	1,481,622
(I) 4,094,689	8,546,367		(G) 22,500	344,500	
Lincoln Natl. ....	2,733,245	9,251,011	Standard, Ind.....	336,489	1,070,517
(G) 96,510	542,410		State Farm Life....	212,618	1,049,597
Mammoth L. & A. (I)	3,130,246	8,020,400	State Life.....	210,088	1,763,125
Mass. Mutual.....	1,582,500	18,862,080	State Mutual.....	1,448,461	16,111,324
Mass. Protective.....	78,000	544,675	Sun Life, Can.....	1,431,090	16,165,386
Metropolitan.....	10,220,985	132,387,121	(G) 2,967,993	5,450,304	
(I) 6,982,765	96,868,650		Superior Life.....	92,390	138,202
Midland Mutual.....	137,360	2,319,426	Supreme Liberty....	78,404	463,645
Minn. Mutual.....	699,937	4,978,661	(I) 321,704	1,514,632	
Missouri.....	1,874,973	2,342,819	Travelers.....	1,176,932	11,769,410
Monumental.....	930,380	4,209,612	(G) 6,475,814	15,226,471	
(I) 1,311,182	7,881,909		Union Central.....	1,753,360	21,063,192
Morris Plan.....	434,220	432,635	United Benefit.....	1,697,022	5,498,222
Mutual Benefit.....	5,011,182	84,192,548	Washington Natl....	243,712	1,655,580
2,542,735	43,235,266		(G) 1,939,000	2,640,000	
3,302,205	18,865,830		(I) 1,377,539	2,924,819	
(G) 44,200	447,800		Western & Southern..	2,472,138	16,624,949
(I) 5,291,563	29,425,554		(G) 93,625	318,650	
National Life, Ia....	60,500	1,482,958	(I) 4,598,679	37,606,548	
National Life, Vt....	918,198	13,912,765	Total Ordinary.....	110,043,710	1,048,287,079
New England Mut....	2,290,454	32,127,119	Total Group.....	92,364,715	218,831,054
New York Life.....	3,061,306	51,220,720	Total Industrial....	78,710,162	408,307,935
N. W. Mutual.....	4,648,316	77,830,828	Total All Classes....	281,118,587	1,675,426,068
North. Natl. ....	48,260	1,743,258			
Occidental, Cal.....	866,505	1,421,262			
(G) 534,280	6,002,650				
Ohio Natl. ....	334,553	2,400,960			
Ohio State.....	156,844	1,115,123			
Old Republic.....	1,080,594	585,364			
Pacific Mutual.....	585,364	10,208,566			
Pan-American.....	64,840	1,507,364			
Paul Revere.....	92,500	569,739			
Penn Mutual.....	2,049,118	26,540,459			
Phoenix Mutual.....	190,903	6,322,337			

## MICHIGAN CORRECTION

Report on Sun Life of Canada should read:  
 Sun Life, Can..... \$ 5,665,419 \$96,629,663  
 (G) 18,184,005 43,868,802  
 The National Life Fund \$12,254,625 in force was not included in Washington National's total in force as a separate



## KEY MAN

In the final analysis, all business depends on the abilities of one or more men. The Business Insurance kit of The Lincoln National Life explains clearly to LNL men how these persons can be protected with Business Life insurance.

Business insurance Direct Mail, prospecting plans, sample Business Insurance situations, re-

views of all types of Business Insurance contracts, installation charts, proposals, outlines of Business Insurance agreements, and tested sales talks are included in this Kit.

LNL men working on Business Insurance cases find this Kit keeps them on the track. It helps make clean-cut Business Insurance sales.



The Lincoln National  
Fort Wayne 1

Life Insurance Company  
Indiana

More Than One and One Half Billion of Life Insurance in Force

report is filed but was not included in the previous total. The revised totals are:

Total new ordinary.....	\$ 367,305,432
Total new group.....	907,167,122
Total new industrial.....	92,795,594
Total new business.....	1,367,268,148
Ordinary in force.....	3,762,612,372
Group in force.....	1,966,974,326
Industrial in force.....	984,966,015
Total in force.....	6,714,552,713

#### ADDITIONAL ILLINOIS REPORTS

	New Business	In Force
Jackson Mutual		
Life, Ill.....(I)	1,367,445	7,442,737
Sterling.....(G)	2,623,216	7,250,583
	176,000	314,500
Old Republic Credit		
(State Life Fund).....		400,183
United States Life.....	188,568	1,935,227

#### OHIO ADDITIONAL FIGURES

Michigan Life.....	95,034	1,009,745
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#### MASSACHUSETTS CORRECTION

State Mutual Life.....	7,136,907	107,683,531
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#### Editor Trust Council Speaker

Russell Weisman, chief editorial writer of the Cleveland "Plain Dealer," spoke at a meeting of the Life Insurance Trust Council there on "What Can We Do for the Post War Period?"

### Name Idaho Committee to Map Proper Legislation

The Idaho governor has signed the bill to create an interim insurance committee to correlate the state insurance laws with the federal laws and Supreme Court S.E.U.A. decision. Two members of the committee, it is stipulated, shall be the insurance director and the attorney general. The governor will appoint the other seven.

A good many readers in Idaho felt that the legislature should go very slowly in formulating legislation at this session because whatever might have been passed might not have answered the purpose as far as the national situation is concerned. Hence, the final decision was to create the interim committee.

#### Ask Dividend Case Review

The Ohio supreme court has been asked to review a case from Cuyahoga county in which the court of appeals held that employees insured under a group life policy are not entitled to have distributed to them dividends on such policies paid to the employer according to the terms of the master policy. The case is Spuhler vs. Industrial Rayon Corporation.

### Aggregate Disability Annuity Record

NEW YORK—The recent publication of THE NATIONAL UNDERWRITER's annual exhibit of company experience on disability, annuities, and double indemnity has caused some interest among readers as to what the aggregate experience has been in these lines in recent years.

Disability losses began to run large in 1927. They have been as follows, the years 1927 through 1938 being on the basis of the "net excluding loading" item in the old gain and loss exhibit whereas beginning with 1939 the basis is the net loss in surplus due to disability business:

1927.....	\$ 20,500,000
1928.....	18,000,000
1929.....	21,800,000
1930.....	47,700,000
1931.....	55,882,000
1932.....	63,136,000
1933.....	62,836,000
1934.....	41,247,000
1935.....	39,967,000
1936.....	40,379,622
1937.....	40,379,622
1938.....	31,588,208
1939.....	32,830,966
1940.....	29,312,518
1941.....	24,281,623
1942.....	14,352,084
1943.....	+622,986
1944.....	+5,031,036
1945.....	8,447,036

Total (losses less gains).....\$547,852,007

#### Annuity Losses

Losses from annuity business began to run heavy about a decade ago and like disability were due to the companies' moves to bolster reserves as experience showed rates to have been inadequate to meet future commitments. For the last 10 years disability experience has been as follows for companies licensed in New York state, the figure for each year being the total of losses less the total of gains:

1935.....	\$ 6,536,895
1936.....	5,490,563
1937.....	13,660,388
1938.....	12,598,237
1939.....	11,169,870
1940.....	2,729,387
1941.....	32,471,414
1942.....	51,988,356
1943.....	63,713,055
1944.....	80,663,121

Total.....\$281,021,086

Experience on double indemnity has been profitable every year for the companies in the aggregate and with very few exceptions each individual company shows a plus sign before its double indemnity gain or loss figure in every year.

### National L. & A. Distributes Free Garden Seed

National Life & Accident has secured 1½ million packets of garden seed, which are now in course of distribution by its 3,000 agents in 21 states.

For the next six or eight weeks every agent will become a walking, talking exponent of the victory garden idea and will be in position to provide the seed.

E. G. Moore, manager of the Department of Agriculture victory garden program, has commended this cooperation.

#### Bankers Mutual Conference

Bankers Mutual Life is holding a sales conference at the home office at Freeport, Ill., April 6-7. It will be attended by about 20 general agents from Michigan, Illinois, and Missouri.

#### Rules on Cal. Capital Increase

LOS ANGELES—A California company may increase its paid-up capital by increasing the par value of any class of its shares by amendment of its arti-

cles, Attorney-general Kenny has held in response to a query from Commissioner Garrison. Transfer from surplus to capital and the exchange of one class of par value stock for stock of the same class with a higher par value does not come under the dividend rule in Sect. 10530 of the code as such action does not diminish the capital, he held.

### Henry C. Walters Is Retiring

Henry C. Walters of Detroit is retiring after practicing law there for over 50 years. He will, however, continue as general counsel for National Casualty and as Michigan counsel for Sun Life of Canada, with office in 1233 Majestic building. The law firm of Walters & Head is being dissolved. Cashan P. Head, his partner, and associates in the office are continuing the firm's insurance and general law practice in 841 Penobscot building. Mr. Head will serve as trial attorney for Mr. Walters in jury cases.

### Hold Wis. Quarter Million Rally

William Pryor, Connecticut Mutual, Milwaukee, chairman of the Wisconsin Quarter Million Dollar Round Table, presided at its meeting in Milwaukee. There was a general discussion of recent federal estate and tax rulings and their effect on existing programs.

Paul H. Dunnagan, Minneapolis, leading producer of Canada Life, a life and qualifying member of the Million Dollar Round Table and former N.A.L.U. trustee, spoke on "Coordination of Business and Personal Insurance in Estate Planning."

#### Leaflet on Service Button

To assist in the movement to give honorably discharged service men better recognition and acquaint the general public with the gold button which they wear on their lapels as a badge of service, Northwestern Mutual Life is distributing a special leaflet on the subject. About one million leaflets will be distributed as premium notice inserts and through the agency organization. The button is reproduced in color.

### Propose Larger Mich. Budget

LANSING, MICH.—Fairly substantial increases would be allowed the Michigan insurance department, as compared with the 1943 appropriation, under terms of the new budget bill. The appropriation for the first fiscal year would be \$137,215 and for the second \$140,335. The 1943 appropriation was \$116,923.

The proposed new appropriation provides for a \$7,500 salary for the commissioner, compared with \$6,000 in 1943, and for \$107,215 and \$110,335 for each of the two years for salaries and wages of other personnel.

### Hughes Mutual Life Comptroller

J. McCall Hughes has been appointed comptroller of Mutual Life. Frederick W. Miller, the present comptroller, will retire April 1 after 38 years of service with the company.

A graduate of Brown University in 1933, Mr. Hughes was with Bankers Trust of New York City until 1939 when he went with the Mercantile Commerce Bank & Trust of St. Louis, where he was later appointed auditor. He joined Mutual Life in March, 1943, as administrative assistant to the executive vice-president. In December 1944, he became associate comptroller.

### Reliance Midwestern Rally

ST. LOUIS—Some 25 representatives of the Reliance Life attended a sales conference of the midwestern department here, with R. H. Bennett, C.L.U., manager of the department presiding. The home office men in attendance included H. T. Burnett, vice-president and director of agencies; H. J. Walters, manager of claims, and Lloyd H. Feder of Cleveland, acting assistant superintendent of agents and Ohio manager. The meeting was climaxed by a dinner session at Hotel Statler on March 24.

## The COMMONWEALTH Commentary

### WHERE THEY KNOW US BEST

We are justly proud that again in 1944 the Commonwealth maintained its position of leadership in its home state of Kentucky, surpassing in six different ways all companies which are engaged in the business of selling ordinary insurance. Commonwealth led in—

- Total amount of life insurance sold.
- Total amount of ordinary insurance sold.
- Total amount of weekly premium insurance sold.
- Total gain of insurance in force.
- Total gain of ordinary insurance in force.
- Total gain of weekly premium insurance in force.

Leadership at home, where we are known best, furnishes further evidence of the company's policy of developing intensively the territory in which it operates. Wherever you find the Commonwealth you will find it among the leaders.

Insurance in Force, February 28, 1945—\$245,358,639

# COMMONWEALTH

## LIFE INSURANCE COMPANY

LOUISVILLE • MORTON BOYD, President

WHERE QUALITY MEN ARE BUILDING QUALITY VOLUME

## Tell Problems of French Insurers During Occupation

The "Review" of London has published some interesting observations on how French life insurance fared during the period of occupation. In June, 1940, the French companies were completely disorganized. Most of their head office staffs and agents had been mobilized, production was restricted by reason of war risks insurance legislation, there was a moratorium preventing canceling of policies on which premiums were unpaid and head offices were transferred to the provinces under precarious conditions.

From 1941-44 there was considerable increase in number of policies issued and average amount insured. This is attributable to abundance of cash, reduction in rate of interest, limited possibilities of capital investment and prosperity of agriculture.

The number of claims and amounts paid did not keep pace with the business in force but there was a constant increase in commissions. General expenses have followed an ascending course but less rapidly than that of commissions. The expenses amounted in 1943 to about double the cost of the business years 1938-9 due to increases in salaries and equipment.

A reduction in rate of interest has drawn to the companies important sums in single premiums, principally in the form of deferred endowments. Tariff rates were increased in October, 1941, when the assumed rate of interest was reduced from 4½ to 3½% for annuities and endowments and in 1942 the rate for whole life policies was also reduced to 3½%. According to the "Review" the companies foresee a further reduction which will be changed uniformly to 2¾%.

The covering of war risk is exclusively reinsured with the pool for insurance of war risks abroad. In the pool the maximum capital guarantee is 500,000 francs per head, there is paid at the issuing of the policy an on-account additional premium of 1% of the face value; settlement of claims and surrender values is limited for the present to 80% of the amount normally payable. The accounts of the pool are to be liquidated and a definite additional premium determined within 18 months of the cessation of hostilities. The conditions are the same for civilians and men in uniform.

The rhythm of life insurance production tends toward a continued increase. Working conditions are difficult. Manpower is scarce and the services of the remaining staff are reduced by privations and fatigue, absence of heating, reduction of electricity supplies which paralyze the use of calculating machines, scarcity of paper and materials of every kind. The difficulties are all the worse because the number of poli-

cies is much greater than before the war.

## Create Office of Insurance Director in Arizona

Gov. Osborn of Arizona has signed a bill providing for the appointment of a director of insurance under the corporation commission. Until now the director was little more than a clerk since he had no legal standing and little if any authority. Now he has authority and a fairly adequate salary with allowances for the expense of membership in the National Association of Insurance Commissioners.

The director of insurance shall be appointed for a term of six years subject to removal by the corporation commission for cause and the salary shall be \$4,200. It is stipulated that he shall have been a resident of Arizona for at least three years prior to his appointment and shall be "well versed in insurance matters."

Provision was inserted in one of the laws relieving officers and directors of insurers of liability for payment of taxes made in pursuance of any law even though the law may subsequently be declared to be invalid.

## Reliance Life Prospect Plan Gets Results

PITTSBURGH—A direct mail method adapted to modern prospecting conditions uncovered 16,800 prospects interested in a definite need for insurance for 284 Reliance Life agents last year. A minimum of 1,693 new policies totaling \$6,487,599 paid business or a \$3,832 average, has been sold among these prospects with indications that supplementary and indirect sales have added several millions to the total.

Letters are sent from home office with an offer of a leather covered memorandum book, imprinted with the person's name, if the enclosed card is completed and returned. The card lists seven plans of insurance which cover virtually every need and the prospect is asked to check the plan which interests him. A booklet describing the seven plans is enclosed with the letter and return card. Cards are keyed to the agent who ordered the letter sent.

A 6.4% return on cards was secured.

## Report on Kansas City School

Robert F. Coffman, Columbian National Life, president of the Wichita General Agents & Managers Association, reported on the one-day school

sponsored by the Kansas City General Agents & Managers Association which he and W. Z. Johnson, Wichita manager of State Farm Life, attended.

## Cal. Health Bills Reviewed

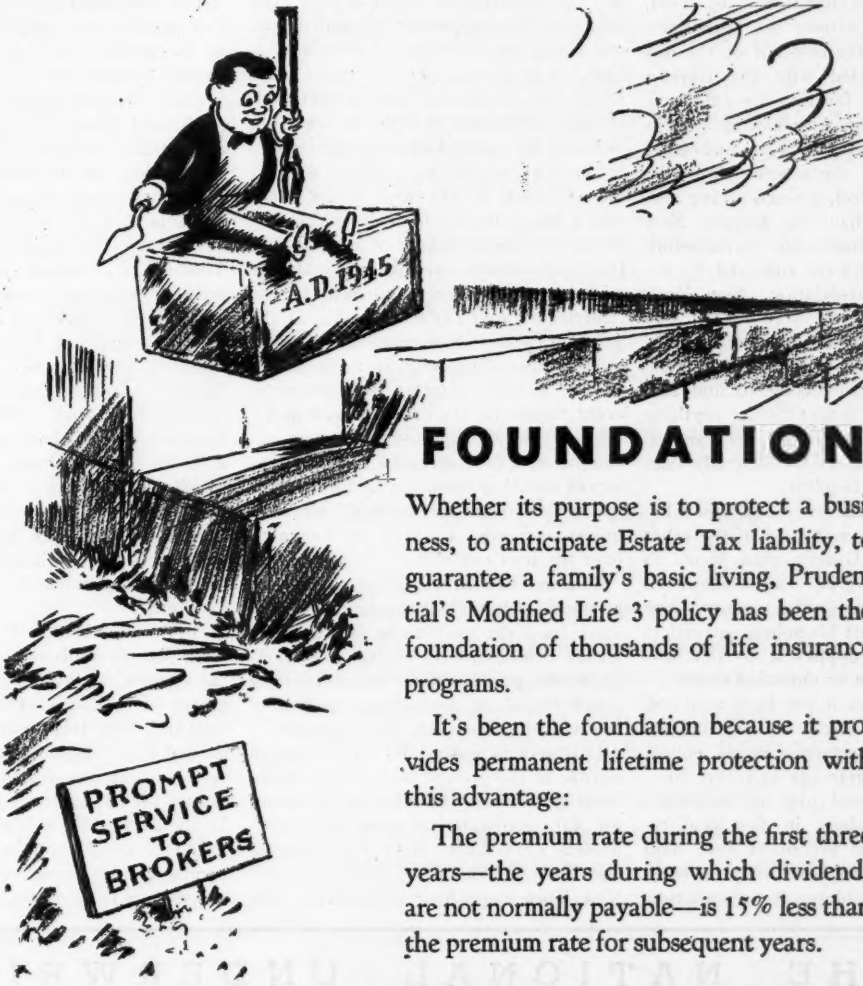
LOS ANGELES—Howard J. Brace, vice-president and secretary of Occidental Life, gave Accident & Health Managers Club of Los Angeles a resume of the compulsory health bills now before the California legislature and pointed out some of the features that are likely to prove undesirable.

President Ralph W. Smith of Unity Life & Accident, spoke briefly on the Rhode Island cash sickness law and its operations.

Mr. Brace said there are 20 health insurance bills now before the legislature and selected five as the most important.

First Lt. Kenneth W. Smith, Jr., with Life & Casualty, Nashville, has been awarded the Distinguished Flying Cross for service in the Italian war theater.

Col. Edward M. Kirby, at one time sales promotion manager of National Life & Accident, has been made chief of the radio branch of the War Department. He began his radio career with National Life's station WSM.



## FOUNDATION

Whether its purpose is to protect a business, to anticipate Estate Tax liability, to guarantee a family's basic living, Prudential's Modified Life 3 policy has been the foundation of thousands of life insurance programs.

It's been the foundation because it provides permanent lifetime protection with this advantage:

The premium rate during the first three years—the years during which dividends are not normally payable—is 15% less than the premium rate for subsequent years.

### TWO EXCEPTIONAL OPPORTUNITIES!

- (1) AGENCY ASSISTANT
- (2) GROUP SUPERVISOR

Progressive, fast-growing company (consistent advertiser in Time, U. S. News, Newsweek, American Magazine, Parents' Magazine, etc.) needs two live-wires for Chicago Regional Agency.

We have a complete line of Life (including Juvenile, Annuities, etc.), Health, Accident and Hospitalization. Also Group and Wholesale Life, Health, Accident and Hospitalization. Applicants should be under 45 with good production records and have ability to hire and train men. Replies held in strict confidence. Write, giving full details to B-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

**THE PRUDENTIAL**  
A MUTUAL LIFE INSURANCE COMPANY



**INSURANCE COMPANY OF AMERICA**

HOME OFFICE . . . NEWARK, N. J.

## EDITORIAL COMMENT

### New York and the Guertin Plan

Failure of New York, for the third successive year, to enact a Guertin valuation and non-forfeiture law points to a conflict in thinking which goes to the very fundamentals of legal reserve life insurance.

Superintendent Dineen has not made public whatever misgivings have thus far kept him from endorsing a measure which has been overwhelmingly approved by the National Association of Insurance Commissioners and which companies are permitted to follow in 29 states. In many of these states they will be compelled to follow it beginning in 1948. Whatever the misgivings are, and whether they are held by Mr. Dineen, Governor Dewey, or someone else high enough in the state's administration, they are evidently weighty. Constantly recurring reports give the one-half of 1% differential between the basis for policy valuation and non-forfeiture benefits the chief target of the objectors.

The Guertin surrender charge formula is a scientific successor to the present \$25 per \$1,000 maximum and, by itself, would probably arouse no opposition. However, when the one-half of 1% differential is coupled with the Guertin surrender charge formula the difference between what the withdrawing policyholder would be entitled to and what his full share of the reserve would be constitutes, in effect, a much higher surrender charge than the present New York statutory maximum. Even before the Guertin laws were endorsed by the commissioners' association, New York state was seeking ways to reduce surrender charges and the number of years during which they could be applied. Hence it is not surprising to find that New York is reluctant to do anything that would permit any life company to treat its policyholders less liberally than the present law requires.

Much of the difference of opinion between New York and most of the other states over the Guertin plan seems to be due to differing conception about the money that a policyholder receives when he borrows against his policy, surrenders it for cash, or applies it to purchase paid-up insurance or extended term.

For many years it has been assumed, largely for the lack of an accurate method of measurement, that all policyholders of the same age at entry, duration of policy, and plan of insurance, own an equal share in the legal reserve which their premiums have built up. As applied to borrowing or withdrawing policyholders, the assumption,

if it is to produce equitable treatment, takes it for granted that each of them is as good a physical risk as the next one and no better or worse than the average of the continuing policyholders, also, that the company's portfolio and the investment market conditions are such that no matter how many policyholders want loans or cash values these payments can be made without prejudice to the continuing policyholders.

Of course, both these premises are fictional. The weight of opinion is that the discontinuing policyholders, as a class, are better physical specimens than their fellows who continue, the reason being that a man in good health may drop his insurance, planning to buy more later on, while a man who knows he is in poor shape will hang on to his coverage, making any sacrifice that is necessary to pay the premium. And even granted that the life expectancy of all policyholders of a given age and duration of policy is identical, it may make a good deal of difference to a company whether policyholders pull out their cash at a time like the present when demands are slight and liquidity of portfolios is high, or at a time like the early 1930s when some companies had to part with choice investments in order to meet the demands for policy loans and surrenders.

These unrealistic assumptions did not matter much in the days when there was a large and comfortable margin between the assumed rate of interest and the rate actually earned, and with the wide margin of safety inherent in the American experience table at the younger ages. However, in using a modern mortality table it is necessary to use a lower interest assumption in order to provide the same over-all measure of safety. The lower interest assumption of course results in higher reserves and this condition in turn means greater exposure to demands for cash unless surrender charges are increased over the previous scale.

The one-half of 1% differential is an attempt to divorce the policy valuation basis from the cash value and non-forfeiture benefits basis. In fact, the Guertin model goes even farther, permitting a differential of more than one-half of 1% with the commissioner's approval.

It is easy to understand the feelings of anyone in the present New York administration who may be reluctant to permit the life companies to give the policyholders a less liberal deal in any respect than they get under the present statute. New York has a long tradition of zeal-

ously protecting the policyholders' rights. It is entirely understandable that it should not want to do anything that would constitute a backward step. No one in a responsible position would care to be accused of enabling companies to take advantage of policyholders.

However, it must be borne in mind that the Guertin minimums are only minimums. It is not contemplated that any company will take advantage of everything it could do under the Guertin law any more than under the present law. The New York statute at present allows a company to deduct a \$25 per \$1,000 surrender charge throughout the life of the policy but the companies do not take advantage of it. In fact, it would be no advantage but a decided disadvantage that would be so great from a competitive point of view that no company would long continue it.

In regulating such matters as cash and loan and non-forfeiture benefits a state has not only the obligation to see that policyholders are treated equitably and are not taken advantage of but also not to put companies in a strait-jacket so that they are forced to guarantee a level of payments on a less conservative basis than if the decision were left to their own judgment.

It is always possible to pay surrender dividends if a company finds after issuing its contracts that conditions warrant greater liberality at the time of discontinuance than it thought could be safely guaranteed when the policy was issued. Competition should take care of this. In addition, the insurance departments have other means of exerting pressure if it seems that any company is treating its withdrawing policyholders unfairly. After all, if expenses are kept in line and money is not spent wastefully, any profit from surrenders and lapses will increase surplus and there is already a statutory limit on that in New York. Actually surplus never even gets near the statutory limit. If there were any tendency in that direction watchful policyholders, complaining to their agents would quickly have it stopped, for this has already happened when policyholders thought surplus was being built up at the expense of dividends, even though surplus was nowhere near the legal maximum.

It is undoubtedly desirable to have some sort of statutory floor below which the companies may not go in their guarantees of loan, cash and non-forfeiture benefits. But this floor should be regarded as a safeguard against a reckless type of management that might deliberately set out to fleece its policyholders. It should not be so high as to prevent a conservatively and honestly managed company from operating on a basis that it considers to be sound. Policies are long

range contracts and the ability to perform them is the responsibility of company management. If a state forces companies to let themselves in for guarantees that they may later have difficulty in performing it is under no obligation to step in and help out.

As a general principle, therefore, it would seem that the company managements, who are charged with the responsibility of keeping their companies in condition to meet their obligations under all conceivable circumstances, should be permitted to pursue as conservative a financial policy as they see fit. Good faith must be assumed, and there is ample ground for assuming it. But even if there should be derelictions the states have ample remedies. In any event, it would seem preferable to have the margin for error in the direction of extra safety.

As a practical matter, moreover, there are additional strong reasons for hoping that New York will go along with the other states in enacting a Guertin bill early next year. In a good many states the Guertin pattern will become compulsory in 1948. It is possible to draw a policy so that it conforms with the Guertin requirements and still meets the present New York standards. Yet this would permit the companies to make use of only a part of the Guertin plan.

It seems as if the time has gone by for New York to try either to head off the whole Guertin plan movement or by prohibiting it in New York state to nullify a large part of its value in all other states in which companies licensed in New York operate. New York did not raise its voice in protest but joined in the assent when the commissioners' association gave their approval to the measure and while of course Mr. Dineen is not bound by the acts of his predecessor the department's previous position should carry a certain amount of weight.

With so many states committed to the Guertin program and New York having passed up its chance to take any action for the third successive legislative session, New York would seem to be under a rather heavy moral obligation not to gum up the works by insisting on its own special brand of handling cash surrender and non-forfeiture values. Competition and competent supervision should be able to prevent any company from being stingy in its cash surrender and non-forfeiture guarantees. Any state which tries to force management to promise anything about which there is a reasonable doubt as to future ability to perform is taking on a very heavy responsibility and one which is not really its province.

Your time is your best asset.

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## PERSONAL SIDE OF THE BUSINESS

**M. David McCloud**, 50 a member of the legal staff of Minnesota Mutual Life, has been elected president of the Harvard Club of Minnesota.

**R. E. Langdon**, vice-president, has completed 35 years with Guarantee Mutual Life.

Mr. Langdon was elected a vice-president in 1936. He started as a stenographer in the policy department. Between 1912 and 1918 he twice filled vacancies on the board of directors, acting as secretary of that body since 1912.

The directors presented Mr. Langdon with a hand illuminated scroll.

In 1919 he was reelected to the board and has served continuously since. In 1921 he was advanced to secretary-treasurer, when in 1933 the office was divided and he was made secretary.

Mr. Langdon is past president of Omaha Rotary Club, Happy Hollow Country Club and Ad-Sell, of which he is now a director.

On the birthday of **Joe D. Morse**, president of Home Life of Oklahoma City, J. B. Carnett, manager of the industrial division, presented him \$100,000 in new business. After little more than 15 years of operation, the company has just increased its business in force to \$50 million.

The marriage of Miss Ellen Jane Phillips, daughter of **T. A. Phillips**, president Minnesota Mutual Life, and Mrs. Phillips, to Capt. John Ely Simpson of the marine corps, will be solemnized April 2, in the Washington Cathedral, Washington, D. C. Her sister, Miss Lorena Phillips, a student at Vassar College, will be maid of honor.

Miss Phillips was graduated from Vassar in 1943 and now holds a position with the War Department at Washington. Capt. Simpson, the son of John William Simpson of Savannah, and the late Mrs. Simpson, was graduated from the University of Georgia in 1941. He is a veteran of Guadalcanal.

**Peter M. Fraser**, president of Connecticut Mutual Life, has been elected a director of Connecticut Light & Power Co.

**C. E. Isenhour**, general agent at Scottsbluff, Neb., for Midwest Life, has completed 900 weeks in the App-a-Week club. The Isenhour agency was company leader in February and making a strong bid for first place in March.

**Fred G. Cloos**, chief A. & H. underwriter of Metropolitan Life, is in Columbus hospital, New York, with a fractured pelvis, suffered when he was struck by a hit and run driver while walking on a sidewalk at Bellaire, L. I. The driver was later apprehended. Mr. Cloos probably will be unable to return to the office for eight months. He is a past president of the Accident & Health Club of New York.

**Alexander F. Gillis**, Newark general agent of Provident Mutual Life, has returned after an extended stay in Florida, fully recovered from his long illness.

**Carroll M. Shanks**, executive vice-president of Prudential, has been elected a trustee of Wheaton College, Norton, Mass.

**L. Douglas Meredith**, vice-president of National Life of Vermont, was the principal speaker at the Home Planner's Institute at New Haven on "Financing the Post-War Home." Mr. Meredith treated the amount of down payments, term of mortgage, amount of loan, and the various sources for financing. In particular, he covered the FHA type of loan, in which National Life has specialized.

**A. N. Guertin**, the new actuary of the American Life Convention at Chicago, has taken his seat, having given up his work as actuary of the New Jersey department. His family will reside in Trenton until school is out for the season. Mr. Guertin like others going to Chicago finds it almost impossible to get living quarters. There is no apartment

or house for rent. A number of people have been forced to buy houses in order to get a place to live and in that way they have paid dearly for the transaction. General Manager R. L. Hogg of the A. L. C., who went to Chicago from New York, has been unable to locate in suitable quarters and he and his family are residing at the Edgewater Beach Hotel. Mr. Guertin has already been able to render very practical service to the organization. Mr. Hogg has taken trips to home offices getting acquainted with the members.

**Arthur R. Reneke**, formerly with Travelers, has been made manager of the Nashville office of the social security board.

**Carlton E. Stevens**, life member of the Million Dollar Round Table, is now operating at Coral Gables, Fla., for Acacia Mutual Life. He has been in Texas in recent years.

**John Gilbreath**, Reliance Life, Chattanooga, president of the Tennessee Association of Life Underwriters, is recovering from a heart attack.

**Solomon Kaplan** of the Goldstein agency of Bankers National Life in Hartford, has completed eight years of consecutive production in the App-a-Week Club. He has represented the company 14 years, and has been its most consistent producer under the club rules.

**Bert A. Hedges**, Business Men's Assurance manager at Wichita, was nominated for the board of education at the primary election there last week.

## DEATHS

### Retired Connecticut Mutual Official Dies

**Benjamin W. Loveland**, 81, former supervisor of claims of Connecticut Mutual Life, died at his home in West Hartford after a long illness. He joined the company as an office boy in 1881 and retired in 1940 in his 60th year of service. He was a noted church organist and choir master.

Under his direction in 1911 Connecticut Mutual made a search for "lost" policyholders, the first ever made by a life company. As a result it paid more than \$350,000 to policyholders and beneficiaries who didn't realize money was due them. Since that time the search for lost policyholders has been a regular procedure. Later Mr. Loveland went into claim work and in 1915 was made supervisor of claims, a position he held until his retirement.

**Alex Macdonald**, who served as insurance commissioner of Wyoming from 1939 until about two years ago, ended his life with a gun. He left a note to Mrs. Macdonald calling her attention to the life insurance policies of which she was beneficiary.

Mr. Macdonald was born in Scotland in 1894. He served in the last war and came to this country in 1922. For about 10 years prior to his appointment as insurance commissioner he was in the building and loan business, serving as secretary-manager of Union Building & Loan Association at Rock Springs, Wyo.

**Frederick G. Woodworth**, who was vice-president of Girard Life for some years and also superintendent of John Hancock Mutual Life in Philadelphia, died at his home in Littleton, Mass.

**Max Joseph**, president of the firm of Max Joseph & Co., New York City,

died. He was for 16 years with Home Life of New York.

**Irving Breslauer**, 49, for 21 years an agent of New York Life in Milwaukee, died unexpectedly in a doctor's office where he had gone for a checkup. Death was ascribed to natural causes.

**O. J. Stephenson**, 67, for many years one of the large producers of the White & Odell agency of Northwestern National Life and at one time associate manager, is dead. His son, G. B. Stephenson, is an executive of the Fred L. Gray Co., Minneapolis.

**Cpl. Thomas Tuohy, Jr.**, of the Hanlin agency of Penn Mutual Life at Springfield, Mass., was killed in a motor vehicle accident recently while in service. He was an instructor at Aloe Field, Tex.

**Julius P. Wessel**, 59, former head of the policy loan department of Connecticut Mutual Life, died at his home in Short Hills, N. J. He was with the com-

pany more than 20 years, but at the time of his death was with Elastic Stop Nut Corporation, Union, N. J.

## NEW YORK

### REPRINTS "PROFILE" ARTICLE

National Life of Vermont has reproduced in the March issue of its "National Messenger" the "New Yorker" profile article on "Harry Otis," a life insurance agent modeled largely on the career of Diederich H. Ward of Union Central Life's New York City agency. The article is by Hubbard Hoover, a professional writer and also an agent of Mutual Life.

Mr. Hoover has had a number of letters from life insurance men and women who read the article when it appeared in the "New Yorker." One agent was encouraged to realize that the high class

*Some men will never want to go in business for themselves.*

*Perhaps we should have said most men.*

*There is nothing wrong with this. Business organizations, large and small, need able men, and will pay for them.*

*Many a man finds a fine and satisfactory career on another man's payroll.*

*But some men are so sure of their ability to make their brains pay them a direct profit—so impatient of the delays and compromises involved in working for somebody else—that they cannot rest until they are managing their own business.*

*They save and scrimp to get the capital they need, and away they go.*

*America needs these men. They are the yeast in the national bread.*

*It happens that they make good life insurance agents. It happens also that life insurance selling, which requires minimum capital, but a maximum of those important personal qualities, is a fertile field for these men—for these invaluable men of independent spirit.*

*This Company is doing, and will continue to do, everything in its power to help these men succeed in their own right as independent small business men—in a country which needs independent small business men.*

## NORTHWESTERN National LIFE,

INSURANCE COMPANY

G. J. Arnold, President Minneapolis 6, Minn.



and able agent portrayed found he was not able to work every type of market successfully. Several others were pleased to learn that a successful career agent was not Superman. A younger agent wrote that he was encouraged to note in the article that "Otis" found many younger prospects preferred to deal with agents of their own age.

#### MAGILL, WHITTLESEY TO TALK

Roswell Magill, tax expert and New York attorney, and Dr. C. R. Whittlesey, professor of finance and economics at Wharton School of the University of Pennsylvania, have been added to the program for the annual seminar on current economic and social trends on Friday April 20, at the Waldorf-Astoria Hotel, New York City, sponsored by the New York C. L. U. chapter. Mr. Magill will speak on "Post-War Taxes" and Dr. Whittlesey will discuss "Some Legacies of War Financing."

## SALES MEETS

#### Confer in Los Angeles April 27

Equitable Life of Iowa will hold an agency conference for southern California at Los Angeles April 27, with the Fresno, San Diego and Los Angeles general agencies participating.

#### Union National Kansas Rally

A meeting of the Kansas agency of Union National Life of Lincoln, Neb., was held at Topeka, with President Bert Rogers and Capt. E. B. Reed, associate medical director, representing the home office. Captain Reed, on leave is now stationed at Winters General Hospital at Topeka. Sherman Huff, Kansas manager, toastmaster at the banquet, reported an increase of \$9,000,000 insurance in force. Guest speakers were Homer Waters, National Life & Accident general agent, and H. O. Chapman, president National Reserve Life.

#### Bankers Officials in Wichita

E. M. McConney, vice-president; W. F. Winterble, agency vice-president, and Robert H. Cherry, assistant superintendent of agencies, San Antonio, addressed a meeting of the J. E. Reinhardt agency of Bankers Life of Iowa in Wichita. Mr. McConney spoke on "Philosophy Toward the Public Behind the Com-

## D. M. Tudhope Joins Columbus Mutual

The appointment of Donald M. Tudhope as supervisor of field service for Columbus Mutual Life is announced.

Mr. Tudhope has served on the executive committee of the Life Advertisers Association for the past two years.



D. M. TUDHOPE

He was supervisor of field service with National Life of Canada for eight years, 2½ years of which he spent in selling and in agency management. For nine years he was sales promotion specialist with Canadian General Electric, and assistant advertising manager of Consolidated Industries, Ltd.

His main duties with Columbus Mutual will be the editing and production of company publications, supervision and creation of advertising and sales pro-

pany." The Reinhardt agency was honored for achieving the greatest gain of any branch in 1944.

motion material, and service work with men in the field.

Harry P. Brandon, advertising manager for the past 20 years, is retiring under Columbus Mutual's pension plan.

## McCall So. Cal. Supervisor for Occidental of Cal. Group Department Changes

John McCall has been advanced by Occidental Life of California to home office supervisor for southern California. He has been in the agency administrative department at the home office.

Mr. McCall has been in agency administrative work with Occidental for more than 10 years. He opened the company's first collection office in Canada, was chief clerk of agency accounting for many years, and for the last two years has been in charge of installing new agencies. He will continue in that assignment temporarily in addition to his new duties.

#### Group Department Changes

Changes in the home office group department also have been made. Frank V. Chilton, assistant regional group supervisor, has been advanced to group secretary in charge of internal operations. He formerly was assistant auditor and has been with Occidental since 1934.

John L. Kavanagh, assistant actuary, has been placed in charge of group underwriting activities. He joined Occidental in 1937 when the company reinsured Guaranty Life, of which he was actuary. He formerly was in charge of the policyholders' service department.

Earl G. Warren becomes group statistician. A Canadian, trained in actuarial science, he joined Occidental in June, 1944.

Arthur Combs of the policy change department, becomes assistant to the group secretary. He has been with the company since 1937, and formerly was a newspaper man.

#### Report on Self Help

Self Help Assurance of Chicago as at June 30, 1944, had assets of \$325,940 and unassigned funds \$186,178, according to the report of an examination by the Illinois department. Claims are

## Second Vice-president of Continental Assurance

Howard C. Reeder, who has just been elected second vice-president of Continental Assurance,

has been in the life insurance business since 1927 when he graduated from the actuarial school of the University of Iowa. He started in the actuarial department of the old Royal Union Mutual of Des Moines. After 6½ years he went with Country Life of Chicago as actuary. Later he was also named office manager. He joined Continental Assurance in 1941 as actuary but he has been given increased responsibilities and has developed into a very important factor in the organization. He is a past president of the Chicago Actuarial Club and the Chicago Home Office Life Underwriters Association.



H. C. REEDER

settled promptly and in full accordance with the terms of the certificates and general administrative expenses and acquisition costs are low, the examiners state. Secretary A. J. DeBoer is the principal operating officer. It is an assessment legal reserve company. There are nine agents all on a monthly debit basis. Insurance in force was \$6,920,387 and there were 22,409 policies.

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## 38-Year Commonwealth Veteran Is Retiring

Dan G. Roach, vice-president and treasurer of Commonwealth Life, has retired. He owns farm land in Shelby county, Ky., and plans to devote his attention to overseeing the operation of that property.

#### Formerly General Agent

He has been with Commonwealth 38 years, starting as a general agent for the ordinary department in southeastern Kentucky. He has written more ordinary insurance for Commonwealth than any other one man connected with the company. After six years he became supervisor of agents for the ordinary department and in 1916 took over the mortgage loan department as well. Later he devoted his entire attention to the latter work. He was elected vice-president in 1923, director in 1928 and treasurer in 1937.

## R. W. Richert Looks After 5 States for Union Mutual

Raymond W. Richert of Columbus, O., has been appointed assistant superintendent of agencies of Union Mutual Life.

Mr. Richert will supervise the western Pennsylvania, Ohio, Indiana, Illinois, Michigan and Missouri territory.

Mr. Richert was formerly superintendent of agencies of Farm Bureau Life.

## Sun Life of Baltimore Makes Nine Promotions

Sun Life of Baltimore announces the promotion of nine home office executives.

Jay S. Nusbaum is advanced from secretary to second vice-president; Abraham Kenigson, from actuary to third vice-president and actuary; Jose Hirsh, from assistant secretary of agencies to agency secretary; Adolph D. Cohn, from assistant secretary to home office secretary; M. Richard McDonnell, from assistant secretary of underwriting to secretary of underwriting; Randolph S. Rothschild, from assistant general counsel and assistant secretary to associate general counsel and secretary;

## The Hall-Mark of Quality...

☆ The true Craftsman is never satisfied with less than his best; the ideals to which he adheres embrace both maximum use of his finest talents and unselfish devotion to the vital interests of his patrons. Qualification for membership in "THE CRAFTSMAN'S CLUB" is an honor that, by reason of the rigid requirements of excellence, is coveted by all but attained by few. It will ever be so.

☆ The insignia of the Craftsman is the symbol of steady progress toward lofty goals in *persistence of business*, in *average-size policy sold*, in *outstanding paid volume*.

— Splendid agency opportunities are now available —

AMERICAN UNITED LIFE INSURANCE COMPANY

Established 1877



Indianapolis



George Kenigson, from associate actuary to associate actuary and secretary; Albert W. D. Carlson, from manager securities department to assistant treasurer; William Wolfel from manager accounting department to assistant secretary.

Dr. George McLean, medical director, has been elected to the board.

### St. Louis Company Moves

Missouri Insurance Company has moved its home office to enlarged quarters on the ninth floor of the Wainwright building, Seventh and Chestnut streets, St. Louis, which it purchased several weeks ago. The name of the building is to be changed to Missouri Insurance building. The present home office at 3910 Olive street is being retained to house district offices.

Edgar M. Salvesen of Fergus Falls, Minn., has completed 1,000 weeks of consecutive production with New York Life.

### Returns to Aetna Life in Agency Department

Ollie H. Jessie, who has returned to Aetna Life after being in the army more than two years, is named as an assistant superintendent of agencies of the life department. When he entered the service he was assistant secretary in the accident and liability department. He started with Aetna in 1925 at Richmond as an A.&H. special agent and went to the home office in 1930 and won advancement. He was regarded as a progressive influence in the accident and health field.



Ollie H. Jessie

prentice facilities for discharged service men, with the view of developing a program to assist veterans returning to or entering life insurance. The San Francisco Life Underwriters Association is to appoint a member of the committee.

### Calls Managers Biggest Factor in Company Success

President S. E. McCreless of American Hospital & Life, addressing San Antonio Life Managers Club on "It Can Be Done," said a company's success depends on the type of managers it secures. He rated the manager as the most important factor, the actuary second and the president last. He stressed cooperation of the agent or manager with the officials of the company, but he would place first the manager who knows how to direct and work with men in a constructive way. Other essentials are competition in the agency and competition with self, and compensation which is based on more than a monetary reward for sales made. He said the manager's greatest compensation comes from knowing he is helping others to grow and succeed.

Mr. McCreless placed next the faith

which the manager has in his men, which will enable them to go out with knowledge that someone believes in them and expects achievement in accord with their ability. He also stressed the importance to the manager of success of his agents, in a realization that they are building for him.

### Service to Veterans San Antonio Cashiers Topic

Under the direction of W. J. Bordelon, Bankers Life of Iowa, the San Antonio Life Agency Cashiers Association held a round table discussion of the problem of what cashiers must do when veterans come to them for information concerning their National Service Life Insurance.

Mr. Bordelon said the applicant who wishes to drop his service insurance will be required to sign a statement to this effect, giving his reasons for dropping this insurance, which is both good and low cost insurance for him. It was stated that the beneficiary under government will not receive an adequate monthly income on which to live and that if an adequate monthly income is desired, the veteran will need additional life insurance with a company to provide it.

## AGENCY MANAGEMENT

### May Organize Los Angeles Group, Brokerage Managers

LOS ANGELES—Walter G. Gastil, Connecticut General Life, reporting to the Life Insurance Managers Association as chairman of the committee on associate membership, recommended that associate membership still be confined to those exercising managerial functions either because the general agent or manager is in service, or because they are actually doing managerial work, but further recommended the organization of an association of group and brokerage managers of agencies, similar to the Life Agency Supervisors Association. The report was referred to the directors for consideration. In connection with the formation of the new association, the report recommended that a cooperating committee from the managers be named to meet with the supervisors and group associations, if invited, and to arrange for joint meetings of the three.

Louis A. Arzt of the E. A. Ellis agency of Pacific Mutual Life reviewed briefly the 13 bills now before the legislature on state health insurance.

Ray Finger, Sun Life of Canada, and Edward Choate, the New England Mutual Life, spoke on cooperation with the life underwriters association.

### Hear Sales Executive in Detroit

H. G. Kramer, field sales manager of a manufacturing company and author

of a new book, "Post-War Manual for Sales Executives," addressed the Associated Life General Agents & Managers of Detroit on "Meetings Men Enjoy." He is a past president of the Detroit Sales Executives Club.

### Must Integrate Four Principles of Management

DETROIT — Since primitive times, mankind has striven continuously for security and in modern times life insurance has offered the ultimate solution to this problem, S. C. Mackenzie, superintendent of agencies of Dominion Life, told the Detroit-Windsor Life Agency Cashiers Association. He spoke on "Understanding the Home Office," the third in a series in "Adventures in Understanding."

He said four principles of management must be integrated: Security, wherein the management must so conduct itself that its contracts are sound and secure and are fairly administered; cost, wherein it must provide protection at as low a rate as is consistent with safety; business acumen, wherein the management must invest for safety of principal with greatest interest yield consistent with safety; it must provide policies that cover the policyholders' needs and must provide good service to its policyholders.

The cashiers and their office personnel are the liaison officers between the home office and the agent on the one hand and between the home office and the policyholders on the other, and therefore the manner in which they deal with agents and policyholders means a great deal to the company. They are the true public relations officers of the business.

### Cashiers and Public Relations

Floyd W. Forker, general agent of Pacific Mutual Life, spoke to the Life Agency Cashiers Association of Los Angeles on "Public Relations in the Life Insurance Office."

He said the cashier in many cases is the policyholder's only contact with the company in which he is insured, and that the cordial reception given a policyholder is one of the best services that can be rendered. The cashier should be able to give the policyholder information on the subject on which knowledge was sought and also should be able to discuss intelligently the political topics of the day.

### Committee to Aid Veterans

The San Francisco General Agents & Managers Association has appointed a special committee consisting of Malcolm Williams, Mutual Benefit; Hugh W. Davy, Home Life, and V. Webner Wiedemann, Equitable Life of Iowa, to study the government's training and ap-



### NOTHING UP OUR SLEEVES

Package and program selling, they say, are two different things, and never the twain shall meet. But here in Occidental, we *do* combine them—like this:

Using almost any Life or Endowment plan as a chassis—or Term!—we'll include such additional features as these, all in one policy:

- Income Disability (\$10 per month)
- Family Income (\$10 or \$15 per month)
- Mortgage Protection (Yearly reducing sum)
- Additional Protection (For spot clean-up fund)
- Advance Premium Deposit Agreement
- And Double Indemnity, of course.

This isn't magic, even if buyers who like their program all in one package think so. And it takes no magical formula to calculate commissions. They're the same on the rider as on the "chassis" policy to which it's attached.

P.S.—We'll include our broadest Accident and Sickness coverage in the same premium, too.

Occidental Life Insurance Company  
of California

V. H. JENKINS - VICE PRESIDENT

"We pay lifetime renewals — they last as long as you do"



## THE UNITY LIFE & ACCIDENT INSURANCE ASSOCIATION

Insures  
The Whole Family

Unity agents are equipped to serve every need for personal insurance. Juvenile policies our specialty.

E. R. DEMING  
President

L. J. BAYLEY  
Secretary

HOME OFFICE—SYRACUSE, N. Y.

## LIFE AGENCY CHANGES

### Hunken Chicago G. A.; Harrison Baltimore Head

Connecticut Mutual Life announces two general agency appointments: Thomas W. Harrison, Jr., at Baltimore



T. W. Harrison, Jr. H. C. Hunken

and Henry C. Hunken at Chicago. Mr. Hunken will be associated with Comm. Charles J. Zimmerman and the firm will

operate as the Zimmerman & Hunken agency.

Mr. Harrison has been associated with the company since 1926 and made an outstanding record as a personal producer. He became a supervisor in 1939. In 1942 he obtained a leave of absence to help in the war effort. He organized and managed the sub-contracting department of the Koppers Co. in Maryland which made gun mounts. In 1944, Mr. Harrison returned to the Baltimore agency of Connecticut Mutual where he assumed managerial responsibilities following the death of Warren K. Magruder, general agent.

Mr. Hunken has specialized in brokerage business although he has engaged in all phases of agency development. He joined Connecticut Mutual in 1929 as brokerage supervisor in the Fraser agency at New York, later transferring to Newark when Mr. Zimmerman became general agent there. From 1926 to 1940 Mr. Hunken was Connecticut Mutual's general agent at Springfield, Mass., after which he joined the Chicago agency, of which Mr. Zimmerman had meanwhile become general agent.

Comm. Zimmerman, who is now on duty in the Pacific, has been in the serv-

ice since 1942, at which time he turned the affairs of the agency over to Mr. Hunken.

### Steele Named by New England Mutual

New England Mutual has named Philip B. Steele general agent at Spring-



PHILIP B. STEELE

field in charge of western Massachusetts. William L. Wadsworth, acting manager, will return to the home office, where he will resume his duties as field supervisor.

Mr. Steele attended Boston University's college of business administration. He has been in life insurance in Springfield since 1926. He has been general agent of Mutual Trust Life. He is a graduate of the Sales Research Bureau's agency management school, and is first vice-president of the Springfield Life Underwriters Association.

### McComb Named by Mutual Benefit at Sioux City

Harold E. McComb, supervisor of the Sioux City agency of Mutual Benefit Life several years, has been appointed general agent there. He has had charge of the sales work in the agency since 1943, when General Agent Alvon H. Doty left Sioux City to become district manager of the Chattanooga office of the Tennessee agency.

Mr. McComb joined Mutual Benefit when he was 18, in 1923, at Council Bluffs, Ia. He moved shortly thereafter to Sioux City. Throughout the years he has been the agency's most consistent producer, paying for the largest average-sized case. He was one of the first agents to receive Analograph training. At present he is studying for the C.L.U., having passed three examinations.

### Barnes, Radloff Named by Franklin Life

Thomas L. Barnes, former general agent of Ohio National, has been appointed regional manager of Franklin Life at Des Moines. Mr. Barnes will have associated with him his son, David, who recently returned from overseas duty with the coast guard, and W. H. Wiley.

LeRoy H. Radloff, for nine years with Metropolitan Life, has been appointed general agent of the company at Wausau, Wis.

### McKeough General Agent of Occidental, Cal., in Chicago

A. E. McKeough, who recently resigned as Chicago manager of Occidental Life of California, is opening early

in April a third Chicago office for that company. He will operate his own general agency at 6469 North Sheridan road and will have the complete line of Occidental life and accident and health contracts.

Mr. McKeough is past president of the Illinois and Chicago Associations of Life Underwriters. He has had many years of insurance experience in Chicago as agent, general agent, supervisor and manager. Mr. McKeough started with W. A. Alexander & Co., selling A. & H., and later life insurance. Then he was unit manager in the life department, and in 1938 became Chicago general agent of Ohio National Life. He joined Occidental in 1940 as home office supervisor in Chicago and then became Chicago manager.

### Cassell Pacific Mutual's Memphis General Agent

Pacific Mutual Life has appointed Henry B. Cassell general agent in Memphis. Cliff Blackburn, who had held that post for 26 years, resigned recently to devote his time to personal production for Pacific Mutual.

Mr. Cassell entered life insurance with the Erle T. Gilbert agency of Pacific Mutual in Los Angeles, after a successful career as senior sales executive in the automobile business. He made an excellent record as a personal producer and then was appointed agency supervisor.

### Heaps to Harrisburg

Guy A. Heaps, Lancaster, Pa., manager Home Life of New York since 1942, has moved his headquarters to 1110-11 Payne-Shoemaker building, Harrisburg, Pa. He will retain his Lancaster office, where N. A. J. Loose will continue to serve clients.

### Gastil Rearranges Staff

Walter G. Gastil, manager of Connecticut General Life in Los Angeles, has reorganized his agency staff. Eldin L. Smith has been relieved from general training and supervisory duties to devote his full time to building of a special group of advanced agents specializing in estate, business and pension work. He will continue to head the research and advisory department of the agency. Don Withrow, assistant manager, has taken over the training and supervision of agents.

### Whitton Va. District Manager

Col. George V. Whitton has been appointed district manager of United States Life in Virginia and is opening a new district office at Alexandria.

Col. Whitton was formerly head of a public accounting firm and has been in government service 10 years, first as assistant controller of the AAA in Washington and since 1936 as administrative

### Nashville Team for General American Life



Charles E. Byron



James E. Fly

The general agency of Byron & Fly, Nashville, which has been appointed by General American Life, consists of Charles E. Byron, who has for many years operated his own fire and casualty agency, and James E. Fly, who has been district manager of Reliance Life.

## THE NEW INSURANCE MONEY MAKER issued by the ILLINOIS BANKERS LIFE ASSURANCE COMPANY THE INCOME BUILDER

1. We have a NEW PLAN to enable you to make more money in these times.
2. ONE-TENTH THE SALES, through large first commissions and large renewal commissions will return you TEN TIMES the earnings of the same volume of life insurance alone under our plan.
3. IN ONE YEAR, you build as large a renewal income as you would in ten years writing the life insurance alone under our plan.
4. This Insurance Pays All Ways:

If you live too long.  
If you do not live long enough.  
If you are disabled.  
If you have an emergency need for cash.  
ALL AT EXCEEDINGLY LOW COST.

HUGH D. HART  
Vice President and Director of Agencies

**Illinois Bankers Life  
Assurance Company**  
MONMOUTH, ILLINOIS

officer in the accounting office of the comptroller general.

He has been a resident of Alexandria for 12 years, is prominent in Masonic activities. In the last war he served overseas with the marines. He is a former commander of three different American Legion posts.

#### Stuart Franklin Life Manager

Hershell G. Stuart, who for 14 years has been with Metropolitan Life, has been appointed manager by the Franklin Life at Orlando, Fla. He is past president of the Central Florida Association of Life Underwriters.

#### Opens Branch in Nashville

Industrial Life & Health of Atlanta is opening a branch office in Nashville, with J. T. Crayton as manager.

#### Name Barrett at Portsmouth, O.

Ohio State Life has appointed Rufus H. Barrett general agent at Portsmouth, O. He was with Western & Southern Life in Portsmouth 20 years and has been secretary of the Portsmouth Association of Life Underwriters 18 years. Associated with him will be Conrad Roth of Portsmouth, for 30 years with the company, and Lowell A. McMenis of West Union.

## ASSOCIATIONS

### Tell Tells Effective Question Used in Approach

"Would you mind telling me just why you bought the exact amount of insurance you now own?" This is the question that A. W. Tell, general agent for Union Central Life at Scottsbluff, Neb., uses successfully in his approach, he said in addressing the meeting of the Panhandle Life Underwriters Association.

This gets the prospect talking about his present insurance and gives the agent an idea as to why he buys insurance and his opinions about it.

Mr. Tell said he tries to put himself into the shoes of the prospect and to approach each man in the manner in which he would like to be approached were he the prospect. The agent should find out all he can about people, their life situation, their wants, desires and ambitions.

Another telling question that Mr. Tell uses is: "If you had died a week ago just what problems would your family be facing today?"

### Southern Cal. Caravan Has New Style Program

SAN DIEGO, CAL.—A new style program was presented here by the southern California caravan of the Los Angeles Life Insurance Underwriters Association. Instead of each member of the caravan giving a talk on his subject, he simply made a statement regarding it, then answered questions propounded by the moderator, after which each of the caravan members was quizzed on the same subject. Martin I. Scott of Scott & Co. was chairman of the caravan.

van and Gerald W. Page, also of Scott & Co., was the moderator.

Daniel M. Brigham, Northwestern Mutual Life, had as his subject "Business Insurance and Business Underwriting;" Charles P. Houseman, New England Mutual, "Advanced Underwriting and Estate Analysis;" John V. Krehbiel, Aetna Life, "Package Selling Approach," and Lee R. Marsh, Prudential, "Simplified Programming Procedure."

Rolla R. Hays, New England Mutual, gave greetings from the California association, of which he is vice-president, and O'Brien Sawyers, Aetna Life, its president, spoke for the Los Angeles association.

### Chicago Association Soon to Take New Quarters

The Chicago Association of Life Underwriters near the end of April will move into new quarters in Hotel La Salle, where it has been comfortably housed for a number of years. The new space also is on the 18th floor, which is convenient due to there being several large meeting rooms and the grand ballroom on that and the 19th floor. It is in the section known as the Lincoln room and lounge where the Life Agency Managers and Chicago C.L.U. chapter have been meeting. The new quarters parallel the Lincoln room, are on the court and are part of a large dining room used by the City club.

The move was made necessary by a decision of the rentals division of OPA that the space occupied by the Chicago association was desirable for individual occupancy. Chicago association directors had about concluded a deal to move to the One North La Salle street building when Hotel La Salle found it could make other space available.

### April 1 Is Deadline for Texas Leaders Round Table

April 1 is the deadline for qualifying for membership in the 1945 Leaders Round Table of Texas, sponsored by the Texas Association of Life Underwriters. John Arden, Southwestern Life, Waxahachie, is chairman. Applications and supporting data must be in the hands of the secretary of the Texas association, R. N. Lewis, Western Reserve Life, Austin, by April 1.

Mr. Arden has announced the executive committee of the Round Table as follows: Alva Carlton, Great Southern Life, Houston; John P. Costello, Southwestern Life, Dallas; J. W. Donohue, Aetna Life, El Paso; Loren D. Stark, Connecticut Mutual Life, Houston; Fred L. Story, United Fidelity Life, Wichita Falls; Ned B. Henry, Southwestern Life, Fort Worth; Sam T. Ross, Great Southern Life, Beaumont; Charles E. Seay, Southwestern Life, Dallas, and Jack Foster, Amicable Life, San Antonio. Both Mr. Seay and Mr. Foster are now in military service.

### Congress in Newark May 17

The Life Underwriters Association of Northern New Jersey will hold a sales congress in the Mutual Benefit Life building, Newark, May 17. There will be morning and afternoon sessions. Only the members of the association and those of the Passaic-Bergen and Hudson county associations will attend. They will be guests of the home office of Mutual Benefit Life, in honor of its 100-year celebration.

The annual meeting of the New Jersey association will be held at the same time. The state association will not hold a sales congress this year.

### Mich. Delegate Meeting May 2

In place of the usual convention of the Michigan State Association of Life Underwriters, suspended because of the convention limitation, officers will be elected at a meeting in Jackson May 2, at which delegates from the various associations will cast ballots representing the combined vote of their associations.

By this means attendance at the meeting will be cut from perhaps 350 to about 15. This decision was reached at a meeting of officers and directors in Detroit, with President J. L. Livingston, Franklin Life, Grand Rapids, presiding.

### Gov. Green on Congress Program

Governor Dwight H. Green of Illinois will address the sales congress of the Chicago Association of Life Underwriters April 21. There will be a war bond rally at which citations for meritorious work in selling war bonds will be presented by F. M. Knight, vice-president Continental Illinois National Bank, who was chairman of the sixth war loan drive in Chicago and Cook county. Paul W. Cook, Mutual Benefit, is chairman of the sales congress committee.

### Iowa Annual Meeting May 19

The Iowa Association of Life Underwriters will hold its annual meeting in Des Moines May 19, with nominations to be submitted to the executive board. The board held a meeting at Waterloo to discuss plans for a membership drive so that a permanent state secretary may be engaged.

Kokomo, Ind.—At a joint meeting with the Kokomo Lions Club and Kiwanis

Club, Philip B. Hobbs, Equitable Society, Chicago, N.A.L.U., spoke on "Life Insurance as an Aid to Government and as the Protector of Private Enterprise."

Muncie, Ind.—Everett E. Ballard, agency director of Jefferson National Life, Indianapolis, spoke on "The Gospel of Life Insurance Selling."

Toledo—William H. Andrews, Jr., addressed a luncheon meeting on "Life Insurance—an Instrument of Social Service." More than 160 attended. Lloyd F. Martin, Massachusetts Mutual, and Walter J. Johnson, Aetna Life, were in charge of arrangements, and agents of Prudential acted as hosts.

William G. Adams, Aetna Life, president of the association, presided.

Dayton, O.—Claris Adams, president of Ohio State Life, spoke at a luncheon meeting Thursday.

Chattanooga, Tenn.—Isaac S. Kibrick, New York Life, Brockton, Mass., spoke on "Business Life Insurance and What It Does."

Nashville, Tenn.—"The insurance salesman who stops being better stops being good," B. N. Woodson, executive vice-president of Commonwealth Life, declared in his address on "A Philosophy of Achievement in the Insurance Business."

The annual membership drive has resulted in 280 members, with 300 expected by the close. President E. T. Proctor, Northwestern Mutual, said the association has the largest membership in the south and that only eight in cities



93d

## Annual Statement

DECEMBER 31, 1944

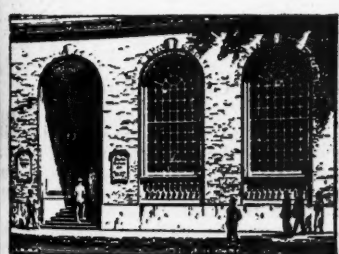
ASSETS		LIABILITIES	
BONDS .....		POLICYHOLDERS' RESERVES .....	
\$16,721,500.50 in U. S. Government Bonds; \$376,803.45 in Canadian Government and Republic of Panama Bonds; \$2,241,993.51 in State, County, Province and Municipal Bonds; \$12,873,398.38 in Public Utility and Industrial Bonds; \$5,928,825.85 in Railroad Bonds. Interest accrued, \$290,995.02.		\$67,430,722.00	
STOCKS .....		Present value of outstanding policies and annuity contracts, including disability and double indemnity benefits.	
1,536,730.00		POLICYHOLDERS' FUNDS .....	
MORTGAGE LOANS .....		11,804,958.92	
Including \$9,989,435.25 First Mortgages on Real Estate and \$14,083,554.54 F.H.A. Insured Mortgages. Interest Due and Accrued \$89,854.08.		Present value of proceeds of policies, dividends, etc., left on deposit with the Company.	
24,162,843.87		CLAIMS .....	
LOANS ON POLICIES .....		474,346.57	
Including Interest Due and Accrued \$34,617.63.		Awaiting proof and not yet due.	
PROPERTY SOLD UNDER LAND CONTRACT .....		MISCELLANEOUS LIABILITIES .....	
2,724,247.95		426,123.38	
OTHER REAL ESTATE .....		Including Taxes, Expenses, Interest and Rents paid in Advance, etc.	
Including Home Office Building, \$617,850.48; Rents Due and Accrued, \$10,537.22.		DIVIDENDS .....	
6,368,855.65		687,992.52	
PREMIUMS—Net .....		Apportioned for the year 1945, deferred dividends payable after December 31, 1945 and \$37,992.52 dividends accrued.	
Deferred and in Course of Collection.		SPECIAL RESERVES .....	
1,951,362.74		932,254.20	
CASH .....		For Real Estate and Mortgage Account.	
In Office and on Deposit in Banks.		UNASSIGNED SURPLUS .....	
1,400,888.17		1,248,043.60	
MISCELLANEOUS ASSETS .....		TOTAL LIABILITIES AND SURPLUS FUNDS .....	
27,535.34		\$83,004,441.19	
TOTAL ADMITTED ASSETS .....			
\$83,004,441.19			

*Berkshire* LIFE INSURANCE COMPANY

Harrison L. Amber, President

PITTSFIELD, MASS.

INCORPORATED 1851



The Boston Mutual Life Insurance Co.  
Fifty-fourth Year of Service to  
the People of New England.

of 500,000 or less in the United States have an equivalent membership.

It was announced that National Life & Accident has offered its auditorium for the sales congress May 10 and that Life & Casualty will give a luncheon.

**Kansas City**—A two-session program was held on pension trusts, business insurance settlements and bank trusts. About 150 members and trust officers of local banks attended.

**Missouri State**—An executive committee meeting and election of officers will be held at Kansas City May 16.

**Charleston, W. Va.**—E. Rudley Colhoun, Shenandoah Life, Roanoke, and N.A.L.U. trustee, gave an address Thursday.

**Salt Lake City**—The ladies were guests at the March dinner meeting, with about 100 attending. Elvan Hunter, California-Western States Life, spoke on "The Part the Wife Plays in the Success of Her Husband as a Life Insurance Salesman." M/Sgt. Fielding K. Smith was master of ceremonies.

At the April meeting H. P. Graven-gard of the Diamond Life Bulletins will discuss "Our Responsibility to America." The annual sales congress will be held in May.

**Lincoln, O.**—C. L. Peterson, general counsel of Ohio State Life, spoke on "Taxation As It Affects Life Insurance." He also spoke before the Portsmouth association.

**Wisconsin Valley**—A. J. Nussbaum,

Massachusetts Mutual, Milwaukee, a member of the Million Dollar Round Table for several years, discussed "There Is No Substitute for Life Insurance," at a luncheon meeting at Wausau. Members of the Marathon County Bar Association and trust officers of local banks and trust companies were guests.

**Lafayette, Ind.**—Hans Mulhler, Lincoln National, Fort Wayne, spoke on motivation. E. A. Crane, Indianapolis general agent Northwestern Mutual and N.A.L.U. trustee, will speak April 13.

**New Haven, Conn.**—Prof. Henry M. Peyre, Yale University, discussed what should be done with Germany after the war. Albert H. Kirtland, Travelers, was honored on the 30th anniversary of his membership. Special recognition was given to Kenneth Catlin, manager Phoenix Mutual, whose office reported a 25% gain in paid premiums in 1944, and to George O. Gelinas, manager John Hancock, for winning the president's trophy.

P. C. Irwin, vice-president and actuary of Equitable Life of Iowa, talked on "Employees' Trusts and Insurance Plan," declaring emphatically that pension trusts are here to stay. Ed Cox, vice-president and trust officer of the First National Bank, spoke on how trust departments and life insurance men can cooperate to their mutual advantage.

**Wichita**—Walter W. Head, president of General American Life, will speak April 13. At the last meeting Payne Ratner,

former governor of Kansas, now a Wichita attorney, spoke on "As a Layman Views Life Insurance." A number of representative business men were guests.

**Miami**—Dr. John P. Williams, educational director of the American College of Life Underwriters gave a talk on "The Underwriter's Peace Plans."

**San Francisco**—H. P. Gravengaard, associate editor of the Diamond Life Bulletins, will conduct a one-day course on business and partnership insurance April 9.

A special meeting will be held April 19 to hear Holgar J. Johnson, president Institute of Life Insurance.

**Danville, Va.**—Charles A. Sims, general agent for North Carolina of the State Mutual Life, spoke on prospecting and the proper use of center of influence. His topic was "The Man with the Pink Whiskers." He brought out that the importance of selective good prospecting is the keynote to success.

**Indianapolis**—W. W. Hartshorn, superintendent of agencies of Metropolitan Life, spoke Thursday on "Success Formula Today and Tomorrow."

## ACCIDENT

### Pink Gives Views on Blue Cross and Federal Plans

"The federal government might make grants-in-aid to the states for the encouragement and assistance of voluntary insurance efforts, such as the Blue Cross plans," Louis H. Pink, president of Associated Hospital Service of New York, suggests in "The Story of Blue Cross—On the Road to Better Health," a 32-page pamphlet published by the Public Affairs Committee, Inc., of New York.

"Such an effort might begin in states in which health facilities are least satisfactory. Federal assistance should be used to enrich hospital and medical care in every respect, both in the provision of facilities and encouragement of methods for financing the care."

The public wants more and more health protection, the pamphlet finds; it wants its doctor bills prepaid as well as its hospital bills; it wants preventive as well as curative service; and it favors the gradual and sound extension of social security.

These demands call for a broad national health program, Mr. Pink states, one that "implies a working partnership between federal, state, and local government and all efficient and well-directed voluntary efforts, such as medical schools, dental clinics, research institutions, medical societies, Blue Cross plans, voluntary hospitals, visiting nurse associations, and fraternal, social, and educational bodies."

Mr. Pink observes that Blue Cross plans throughout the nation are working for adoption of a national contract.

Mr. Pink suggests that the larger Blue Cross plans might well join with hospitals, medical profession, foundations, and other welfare agencies in the financial support of diagnostic centers. They might devote 1% of their income to preventive medicine.

### Iowa Group Definition Bills Are Advanced

DES MOINES—The Iowa senate insurance committee has brought out two group bills. One provides that group may be sold to groups of not less than 50 employees with 75% of the group participating. Selected group insurance may be issued to groups of not less than five federal, state or political subdivision employees whether employer contributes or not, and to permanent associations organized at least two years and having more than 10 active members and 65% of entire membership participating.

The second bill permits business and professional organizations to procure group insurance for both life and accident and health. At least 50 members are required and at least 50% of the membership must participate.

## POLICIES

### Ohio National Makes Rate Changes

The new rate book distributed by Ohio National includes the revised incomes available under the retirement annuity policy announced in the Dec. 22 issue of THE NATIONAL UNDERWRITER and the settlement option change announced March 23, in addition to other revisions effective April 1.

Two new policies are included—a non-par form of the special whole life and 20 payment life guaranteed annuity. This latter policy is written non-participating with guaranteed annuity benefits which, if left at interest, will shorten the premium paying period to 15 years. At 65, the cash value may be used to purchase an income for life guaranteed for 120 months at the rate of \$6.30 to a male or \$5.61 to a female for each \$1,000 of cash value. The policy becomes participating when fully paid up.

### Action on Other Policies

Rates on the participating special whole life were considerably reduced but the extra premium charged for a family security rider or a family income rider were increased.

Retirement income plans were put on the basis of the same premium rates to males and females, with an adjustment in income available at maturity. The new premium rates are:

Age	Participating			Nonparticipating		
	Spec. Whl. Life	Ret. Inc. Age 65	Fam. Plan	Spec. Whl. Life	Ret. Inc. Age 65	Fam. Plan
10...	12.58	25.48	...	12.30	29.44	...
11...	12.90	26.03	...	12.52	29.81	...
12...	13.22	26.59	...	12.74	30.19	...
13...	13.56	27.20	...	12.97	30.57	...
14...	13.91	27.82	...	13.22	30.97	...
15...	14.27	28.50	...	13.47	31.38	...
16...	14.63	29.19	...	13.73	31.82	...
17...	15.02	29.91	...	14.01	32.26	...
18...	15.43	30.68	...	14.30	32.72	...
19...	15.84	31.49	...	14.60	33.20	...
20...	16.27	32.35	...	14.92	33.68	...
21...	16.72	33.24	13.35	15.25	34.19	...
22...	17.16	34.19	13.37	15.60	34.71	...
23...	17.63	35.18	13.40	15.96	35.26	...
24...	18.10	36.24	13.43	16.34	35.82	...
25...	18.62	37.36	13.45	16.74	36.40	...
26...	19.13	38.53	13.47	17.16	37.01	...
27...	19.65	39.79	13.51	17.60	37.63	...
28...	20.20	41.12	13.55	18.06	38.26	...
29...	20.76	42.52	13.60	18.54	38.94	...
30...	21.39	44.03	13.66	19.05	39.63	...
31...	22.02	45.63	13.73	19.59	40.35	...
32...	22.70	47.32	13.80	20.15	41.09	...
33...	23.39	49.15	13.90	20.74	41.86	...
34...	24.15	51.10	14.01	21.37	42.66	...
35...	24.93	53.17	14.12	22.03	43.49	...
36...	25.77	55.42	14.19	22.73	44.36	...
37...	26.65	57.82	14.26	23.46	45.27	...
38...	27.57	60.32	14.35	24.24	46.20	...
39...	28.57	63.02	14.43	25.07	47.18	...
40...	29.60	65.94	14.52	25.94	48.21	...
41...	30.72	69.11	14.60	26.86	49.29	...
42...	31.89	72.57	14.70	27.84	50.41	...
43...	33.18	76.33	14.78	28.89	51.59	...
44...	34.52	80.46	14.87	29.99	52.83	...
45...	35.98	84.99	14.94	31.17	54.15	...
46...	37.49	90.11	15.05	32.48	55.52	...
47...	39.11	95.79	15.16	33.89	56.97	...
48...	40.81	102.15	15.25	35.38	58.51	...
49...	42.60	109.26	15.32	36.97	60.13	...
50...	44.50	117.29	15.37	38.66	61.85	...
51...	46.53	...	...	40.43	63.66	...
52...	48.67	...	...	42.31	65.59	...
53...	50.95	...	...	44.32	67.63	...
54...	53.33	...	...	46.46	69.81	...
55...	55.88	...	...	48.75	72.12	...
56...	58.62	...	...	51.20	74.59	...
57...	61.54	...	...	53.81	77.23	...
58...	64.67	...	...	56.60	80.07	...
59...	68.03	...	...	59.59	83.10	...
60...	71.63	...	...	62.79	86.35	...
61...	75.49	...	...	66.22	...	...
62...	79.62	...	...	69.89	...	...
63...	84.06	...	...	73.83	...	...
64...	88.82	...	...	78.06	...	...
65...	93.95	...	...	82.59	...	...

### Continue N. C. Code Study

RALEIGH, N. C.—The North Carolina house has passed the senate bill authorizing the appointment of a commission to continue a study of insurance laws and to make recommendations to the 1947 session.

The house also passed the senate bill appropriating an additional \$64,000 for the insurance department for carrying out provisions of the 11 laws previously enacted revising the insurance statutes.

## HEADLINES OF PROGRESS

Atlantic's new business in 1944 showed an increase of 12% over the previous year, and was greater than any other year since 1931.

Insurance in force increased by more than eight and one-half million dollars, and now totals \$152,357,130.

Assets increased \$2,821,535.63 for the year, and now total \$41,543,474.84.

Additions of \$301,723.81 to surplus and voluntary reserves increased these and capital funds for the additional protection of policyowners to \$2,002,757.73.

Payments to policyowners and beneficiaries now exceed \$66,000,000.

## ATLANTIC LIFE INSURANCE COMPANY

Organized 1899



Richmond, Virginia

Directing the Way Toward Financial Security Since the Turn of the Century.

## United Life and Accident Insurance Company

Concord, N. H.

Representatives Have Something Unusual to Sell

Ask the man who owns a United Life and Accident Insurance contract which contains:

1. Life Insurance
2. Double Indemnity
3. Triple Indemnity
4. Non-cancellable Accident Insurance
5. Waiver of Premium

For Details Write

WILLIAM D. HALLER

Vice President and Agency Manager  
Concord, N. H.

## Milliman Tells Pros and Cons

(CONTINUED FROM PAGE 1)

required even though his health is impaired, the very size of the premium required at an advanced age may prevent an employee from taking advantage of this valuable right. Companies are asked, "Why can't I pay the premium rate for my age at the time I first became insured?" Or, "Why don't I get any credit for the years during which I have contributed under the group policy?"

### Cost Rises With Age

Also, from time to time an employer expresses concern because the average premium for his group life insurance increases because of the increasing average age of his insured employee. This tendency for average ages and average premiums to increase is accentuated when insurance is continued on the lives of retired employees. Employees retired before the adoption of a group life plan are usually excluded from group coverage and as a result it will require 30 years or more after adoption of a group plan before the full effect of continuation of insurance on retired employees will be reflected in the average premium rate.

Mr. Milliman said that this question of the effect on premium rates of continuing the coverage on retired employees has received too little attention in the past but is one which every employer should consider carefully at the time he adopts a group life program. He listed the following practical alternatives:

1. The policy may provide for terminating the employee's insurance when he retires. This is always unsatisfactory to the employee who has relied on his group coverage as an important part of his insurance program. If he retires at age 65 he must pay a premium of about \$100 a year per \$1,000 if he converts his group coverage. While he will have received full value for the contributions which he made toward the group life cost, he will be tempted to compare the \$100 premium with the \$7.20 a year he contributed while he was employed.

2. The policy may provide for continuing after retirement all or part of the group life coverage on a term premium basis. If this is done there will be built up over a period of years an important volume of insurance on the older lives. A typical group with a stable age distribution for active employees and providing the same amount of insurance for each employee regardless of age will have an average premium rate on a term basis of about \$1 a month per \$1,000 of insurance. If the full amount of insurance is continued in force on pensioners then it may be expected that the average premium rate will increase about 3% or 4% a year until at the end of 30 years it is nearly double the original premium rate. The picture will vary widely depending on the average age at which new employees are hired, and other considerations. Many plans provide for reduction of insurance either immediately on retirement or gradually over a period of years. If only one-half of the full amount of insurance is continued in force on pensioners the effect on the premium will be only one-half as great.

3. The policy may provide for funding the cost of continuing insurance on

retired employees in much the same manner as pension benefits for retired employees are funded. This may be done through one of a number of plans that may be lumped together under the heading of level premium life insurance.

One plan is for the employee to buy small units of paid-up insurance each year with the employer supplementing the coverage with group term insurance, with the term element gradually becoming quite small or disappearing entirely. It is difficult, however, under this arrangement, to provide by retirement age any substantial amount of paid-up insurance for employees who are at advanced ages when the insurance plan becomes effective.

The same combination of paid-up increments plus term insurance has also been used with the employer paying a substantial share of the cost of the paid-up insurance. In some other cases units of paid-up insurance are purchased at the end of longer intervals, the first purchase being made at a relatively advanced age. In at least one case a single purchase of paid-up insurance is made at retirement age.

### Unelev Paid-Up Amounts

Group policies have also been written providing for payment of premiums on a level premium basis, with resultant annual increments of paid-up insurance. Under these policies the increments in the amount of paid-up insurance in the earlier years of coverage of an employee are greater than in later years because a given amount of money will buy more paid-up insurance at younger ages than at older ages.

In all these plans employees' accumulating equities are in paid-up coverage. It has not been found practical to provide extended term in lieu of paid-up. Generally speaking, there are no cash values as respects any paid-up insurance purchased by the employer. However, the insurer reserves the right to pay cash values when premium payments for an employee are discontinued and the amount of paid-up is nominal. This is to avoid the expense of handling small amounts and checking to see that the insured is still alive.

### Vesting Procedure

As for vesting in the employee all or part of the paid-up bought by the employer, Mr. Milliman said he believed the only practical procedure is for the employer to vest all rights in the employee. Presumably the employer who pays the higher price required for level premium forms is willing to do so because he wishes to provide a more permanent form of protection for his employees. He can avoid this higher expense on transitory employees by providing group insurance on a term basis during the first few years of employment, with the level premium plan becoming effective at the end of this qualification period. This avoids the contract complication and administrative expense of partial vesting of the paid-up insurance. It also avoids vesting small amounts of paid-up insurance in employees who leave after short periods of service.

Mr. Milliman pointed out that regardless of whether group premiums are computed on a term or a level premium basis, they must in the long run be sufficient to pay the claims. The level premium plan simply anticipates the high rates of mortality which can be expected in the later years of life. Nevertheless, it may be expected that the ultimate cost of level premium group life will be greater than that of term group, both because of the higher administrative expenses of the insurer and the equities given to terminating employees.

Referring to the interest that is being currently shown in level premium forms of group insurance on the retirement income form, which combine \$1,000 of life insurance protection with each \$10 a month retirement benefit, Mr. Milliman

said it is being offered on a group basis by companies that are recent entrants in the field of group life and group annuities, that in some respects the conditions under which the contracts are sold are in sharp contrast with the corresponding conditions for group life and group annuities sold by companies well established in these fields, and that this fact can be interpreted either as an indication that the established group-writing companies have become too conservative and need competitors with a fresh outlook to show them how best to do the business or as an indication that the newcomers are willing to take substantial risks in order to become established in this field. Time alone, he said, can give a conclusive decision on this point.

After listing some of the departures from standard group practice that these contracts involve, Mr. Milliman said that by the extent to which these departures meet the real or imagined needs of employers adopting pension plans they must be considered advantages to the employer, yet ultimately the cost of any plan must be met by the premiums, adjustments being made through dividends. Hence, it is questionable, he said, whether in the long run an employer is well advised to take advantage of a contract which seems to offer bargain rates.

### Relationship Is Inflexible

As disadvantages of the retirement income type of group contract, Mr. Milliman mentioned the fixed relationship of \$1,000 of life insurance to each \$10 monthly income and the necessity for increasing the monthly retirement benefits in units of at least \$5 in order to avoid unduly small amounts of life insurance. Also, he pointed out, the relationship of \$1,000 of insurance per \$10 of monthly income produces a very substantial amount of insurance with even modest pension benefits. A plan providing for a retirement benefit of 60% of salary means a death benefit equal to five years' salary.

"It may be questioned," he said, "whether it is wise for the employee to have such a substantial proportion of his insurance estate dependent upon a group insurance program. In any event, it would be desirable to have greater flexibility in determining the amount of death benefit to be included in a combination insurance and annuity program."

## LeVita Named Chief Life Actuary of Pennsylvania

Commissioner Neel of Pennsylvania has appointed M. H. LeVita as chief life actuary. Mr. LeVita was educated at Temple University where he specialized in mathematics. His graduate work was at the University of Pennsylvania.

After four years as an instructor of mathematics at Temple University, Mr. LeVita joined Guardian Life in an actuarial capacity. In 1927 he joined the Fidelity Mutual Life, in the actuarial department and later as statistician. He is an associate member of the Actuarial Society of America and has been active in the affairs of the Life Office Management Association. He is the author of the book, "An Arithmetic of Life Insurance," currently being used by students of the L.O.M.A. Institute.

He has appeared before the L.O.M.A. and the financial section of the American Life Convention. For three years he has been chairman of the committee on functional and departmental costs of the L.O.M.A. He has been serving as instructor in insurance for the Philadelphia Life Company Cashiers' Association.

### Honor Kern with Campaign

The March sales campaign to honor President M. A. Kern of Alliance Life produced business considerably in excess of the 1944 campaign, particularly on March 23, Mr. Kern's birthday. First to qualify for the company's leading production club this year is L. R. Cardwell, general agent at Rockford.



On November 19, 1943, the Bankers Life Company of Des Moines issued a \$10,000 Family Protection Policy, 20-year Benefit, with Double Indemnity and Income Disability, to a 30-year-old farmer, married, with two children and a third expected the following June.

One annual premium of \$332.20 was paid.

On May 16, 1944, the insured died from wounds suffered while starting a fire with kerosene in the kitchen stove.

Not the least tragic element of the sad affair was the fact that on Sunday, May 14th, the insured had gone to visit his mother—that being Mother's Day. Upon their return Sunday night the family prepared the evening meal on an electric plate.

Attempting to kindle the fire early Monday morning, the kerosene ignited and the deceased was fearfully burned. He had the presence of mind to warn his wife and the strength and courage to place a ladder so that she and the two children escaped in safety from the second floor. The next day he died.

Upon that \$10,000 policy the Bankers Life Company has already paid the widow (the beneficiary) \$11,000 in cash. In addition the Company will send her a check for \$100 each and every month from June 16, 1944, to and including November 16, 1963. At that time a further cash payment of \$10,009.68 will be made.

Here is a financial resume of the transaction:

Cash .....	\$11,000.00
234 monthly payments of \$100 each .....	23,400.00
Cash to be paid November 19, 1963 .....	10,009.68

Total payments upon \$10,000 policy .....	\$44,409.68
One annual premium .....	332.20

Net gain over investment .....	\$44,077.48
Percentage of gain over investment .....	13,268%



**BANKERS Life**  
the Double Duty Dollar Company  
DES MOINES

### HOME OFFICE UNDERWRITER WANTED

Young progressive Life Company doing business in Central States has real opportunity for Home Office Underwriter to assume full responsibility with H. A. experience preferred, but not necessary. Write Box B-32, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

## Illinois Bankers Sale Soon to Proceed

(CONTINUED FROM PAGE 2)

fiduciaries and trustees is beyond the mere equitable right of beneficiaries. Honesty and morality are coextensive with equity. No profit or advantage in handling trust property will escape the searching eye of the equity court. It is the dishonest fiduciary who seizes upon an opportunity personally to make a profit through his management of trust property that equity seeks to curb and restrain. It is of no importance if the transaction does not result in detriment or loss to the beneficiary; nor if it results in benefit or profit to the beneficiary. All important is the fact that a fiduciary or trustee has received benefits or advantage through or by handling property entrusted to his care and management. Equity will protect the beneficiaries to the utmost and divest the fiduciary of any profit or advantage he has taken or received.

The court said there is no evidence to militate against the conclusion that the directors in consideration of Martin's bribes, betrayed the members of the association. The scheme, the court said, was collusive in purpose, design and accomplishment.

Martin was the controlling designer of an edifice of fraud, based on bribery and faithlessness to a sacred trust, the court declared. The plan was conceived with the fraudulent purpose of withdrawing from the members of the association, business, good will and assets with the intended result that Martin and Sawyer would ultimately receive the same assets under a different guise and in a different form. The record is barren of any favoring fact upon which the court might dwell or which indicated Martin and Sawyer gave consideration to the members, the decision asserted.

Equity demands that what Martin and Sawyer took and withheld over the years which did not rightfully belong to them, their representatives must now return.

It was held that the stock was received by Martin and Sawyer in constructive trust for the use and benefit of the association and its members.

Martin, the court stated, paid a total of \$195,000 toward payment of the stock. Sawyer paid nothing except the dividend that he received. Martin is entitled to receive a credit of \$195,000 but he is liable for the bribes that were paid to the directors and officers and hence the credit of \$195,000 is more than erased.

Martin and Sawyer estates contended that the suit was out of order because demand should first have been made upon the directors to bring suit. That, the court declared, would have been a useless gesture. Also the defendants contended that the assessment policyholders should have brought the suit but the appellate court objected to that theory. Then the five year statute of limitations was pleaded. To that the appellate court said that the first knowledge that can be imputed to the company was in December, 1939, when Martin, Woods and Sawyer testified before the Temporary National Economic Committee. After a hearing by the Illinois insurance department Martin on Oct. 3, 1941, transferred his 1,600 shares to Chicago City Bank & Trust Co. for three years. The new directors employed special attorneys to investigate. Hence neither the statute of limitations nor laches can be invoked.

Of the 400 Sawyer shares 370 are held by James D. Stice but the appellate court found that Stice is not a bona fide owner and it was directed that Stice merely be repaid what he paid for the stock which was \$13,079.

The suit in behalf of the assessment policyholders was managed by Attorney Vernon R. Loucks of Chicago. Then Illinois Bankers Life itself filed a counter claim and then there was another counter claim in behalf of the rewritten policyholders.

## Tax Avoidance Selling Is Strongly Denounced

(CONTINUED FROM PAGE 3)

the insured elects an income option, other than the interest option; and by recent court decisions, even when the beneficiary elects it subsequent to the insured's death.

"This is a good law, and one that will greatly benefit widows and other natural beneficiaries of life insurance policies. Its help to the needy should more than offset the loss of revenue to the government, for the income tax revenue from the average life insurance estate could not be great, even under the high taxes of our war crisis. The need is great for every penny available to a family robbed by death of its income producer. It is difficult to justify the taxation of a widow's mite.

"Recently, several pieces of literature have come to our attention that set forth the 'tax exemptions' of this policy or that policy. This advertising is obviously appealing to the public to take abnormal advantage of the current law. Its appeal is not to buy life insurance to yield a living income but a tax-free income to a beneficiary. Apparently some agents are using this same appeal in their sales presentations.

### Closing the Gap

"The advantage of the current income tax law to the policyholder and his beneficiaries will last as long as the law remains as it is now and receives no contrary construction. However, in our opinion, it is entirely possible that the Treasury Department will seek a new law to close what it might consider 'a gap' in the current law if life underwriters start a sales campaign based upon

tax avoidance. 'Closing the gap' to a few may result in shrinking the only source of a living income to many. The possible loss to policyholders is not the only disadvantage in our stressing tax avoidance. There is often a loss to the agent. He is likely to discount his prestige with his clients if his explanations lead them to believe that current laws and regulations applying to life insurance inherently protect their beneficiaries or estates from taxes.

"As stated frequently, it is the policy of this company not to use life insurance in any way as an instrument of tax avoidance nor to permit our policyholders or the applicants for our policies to believe that the purchase of insurance places them in a tax position which will be unaffected by future changes in the law.

"It is the duty and privilege of every citizen to pay his or her just share of taxes. This is particularly true at this time when taxes are staggering—but when almost every dollar paid has a potential life-saving value for one of our sons or loved ones.

"The very essence of the democracy for which our boys are fighting is the fair distribution of the tax burden. Every person is entitled to claim all tax exemptions allowed under the law, but to take undue advantage of them is undemocratic—and today unpatriotic.

"It's a fine distinction, yes. But life insurance itself needs no false incentive to sustain its function in society."

## Michigan Recodification Proposal Favored

(CONTINUED FROM PAGE 3)

torney representing the Association of Casualty & Surety Executives, National Board and other organizations, suggested that passenger agents selling trip accident policies be exempted from the qualification law. The insurance department is asking extension of the territorial provision in the qualification law to make it apply to all applicants instead of only to those residing in incorporated areas, as now provided. Agents living in suburban areas have flouted intent of the law that examinations be passed before issuance of licenses.

### Define Brokerage

A definition of insurance brokerage, always prohibited in Michigan, is proposed. Brokerage is construed "to include any arrangement or agreement whereby any agent or solicitor can be held to be the agent of the insured and not of the insurer, or whereby an agent is permitted to solicit or place any class of insurance other than those authorized to be issued in Michigan by such agent's company."

There was some discussion of the proposal that the commissioner be empowered to pass on all policy forms. Department officials held that this is necessary to prevent use of misleading or deceptive forms by inadequately supervised insurers which it appears may not be excluded from operations in Michigan because of the insurance is commerce decision. It will take the better part of the moratorium period to go over the various policy forms and decide whether they require changes, Mr. Forbes pointed out.

Commissioner Forbes read a statement embodying his decision not to seek introduction at this session of three projected bills to give the department overall rate control. Because of the inclusion in the moratorium law of references to the Robinson-Patman and federal trade commission acts as well as the Sherman and Clayton anti-trust laws, it appeared the departmental bills would be inadequate and the matter should be restudied and revised measures prepared, probably for consideration at a special session next year.

### Broaden Va. Investment Law

RICHMOND—The Virginia legislature has passed a bill liberalizing investment regulations of life companies.

## Ranking by In Force Reprints Available

Reprints of the "Ranking of Life Insurance in Force" table which appeared in the March 23 issue of The National Underwriter are available. Prices are: 50, \$2; 100, \$3.50; 200, \$6.80; 500, \$12.25; 1,000, \$21. Order from The National Underwriter, 175 West Jackson boulevard, Chicago 4, Ill.

## Indict Shattls, New York Insurance Counsellor

J. J. Shattls, who for several years has operated as a life insurance consultant at the late Morris H. Siegel's address in New York City, has been indicted by the New York county grand jury for having held himself out as operating under state supervision when insurance counsellors are prohibited from making such claims.

Shattls had earlier surrendered on an information returned last December by the grand jury but asked to have his case transferred to general sessions where he would be tried before a jury rather than in special sessions before a three-judge court. His request was granted and Assistant District Attorney Samuel C. Canter presented the case to the grand jury which voted the indictment. Shattls is free in \$3,500 bail.

## Seeks Extra Reserve on Policy

Charles J. Chastang, attorney in Columbus, Ohio, has filed a suit for declaratory judgment in common pleas court against Mutual Life, contending that the loan and cash surrender value of his 16-year-old limited payment life policy should be not only the reserve on the life portion but also the extra reserve set up on the income disability portion of the contract. He asserts he is acting on behalf of other Ohio policyholders of the company who are in the same position. Like other companies, Mutual Life has added to its disability reserves by changing to a more conservative valuation basis in line with the highly unfavorable experience on income disability business issued at the old rates.

## Milbank Agency Wins Cup

The W. Dan Milbank agency of General American Life, which includes eight counties in south central Kansas adjacent to Wichita, was awarded the cup given quarterly for the greatest increase in paid annual life premiums with a 500% increase for the quarter ending Dec. 31. With a 600% increase up for the first quarter of 1945 it expects to retain the cup another quarter. The agency took the cup from the J. Theron Fergus agency of Abilene, Tex., which had won it the second and third quarters of 1944.

## STEPPING RIGHT ALONG!

Figures just released show continued gains . . . prove that women and girls, across the country, want the complete protection and fraternal benefits offered by our society.

Insurance in Force—net gain past six months	\$1,008,554
Assets—net gain past six months	700,000
Membership—net gain past six months	1,145

## SUPREME FOREST WOODMEN CIRCLE

Dora Alexander Talley President	Clara B. Cassidy Secretary
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OMAHA, NEBRASKA

## THE WOMAN'S BENEFIT ASSOCIATION

Founded 1899

A Legal Reserve Fraternal Benefit Society

Bina West Miller Supreme President	Frances D. Partridge Supreme Secretary
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Port Huron, Michigan



Make Liberty Last Forever!

BUY U. S. WAR BONDS

Make Your Security Complete!

BUY LIFE INSURANCE

The two "best buys" on the market today are government securities to aid the war effort and the legal reserve life insurance of Royal Neighbors of America for family protection.

**ROYAL NEIGHBORS OF AMERICA**

SUPREME OFFICE, ROCK ISLAND, ILL.



## FRATERNALS

### Royal Neighbors Increase Assets and Insurance

Royal Neighbors admitted assets Dec. 31 were \$104,349,842, increase \$6,843,802 or 7.0%, and include \$17,208,803 government bonds, up \$8,372,173. Net interest rate of 3.59% on benefit funds was earned. Insurance in force gained \$5,868,325 to the total of \$359,831,624, including \$301,387,575 adult and \$58,444,050 juvenile insurance. Membership grew 8,679 to 511,642, of which 407,133 was adult beneficial, 76,474 juvenile and 28,035 social members.

New paid for insurance written in 1944 amounted to \$21,203,350, gain \$3,360,250, 18.83%, the seventh consecutive year in which insurance written has increased. There was \$8,498,500 new adult insurance, gain \$1,310,650, and \$12,704,850 juvenile, gain \$2,049,600.

Certificate reserves aggregated \$90,887,917, increase \$10,115,334; contingent reserves \$8,322,023, unassigned funds \$2,700,723; income \$12,492,803, increase \$307,095; mortality 63.70% of expected.

Death claims and payments to members increased \$254,657, totaling \$4,578,902. This included adult death claims \$4,030,974; juvenile death claims \$28,372.50; surrender values, \$126,166, and refunds to members \$391,645.

Mrs. Myrtle I. Gunderson, Lone Rock, Wis., has been appointed on the board of supreme auditors. She fills the vacancy caused by resignation of Mrs. Laura Breda, Barron, Wis. Since 1930 she had been district deputy.

March 21 the society observed its 50th anniversary with an open house in the supreme office at Rock Island, with Mrs. Grace W. McCurdy, head of the society, and others of the staff as hostesses. Other societies and insurance companies of the Rock Island area were represented, Modern Woodmen by E. J. Bullard, president; J. G. Ray, secretary, and W. Cable Jackson, superintendent of agents; North Star of Moline; Bituminous Casualty by R. D. Coburn, executive vice-president, and H. H. Cleveland, Jr., vice-president; National Fraternal Congress by Walter C. Below, Fidelity Life, vice-president. Fifty year pins were presented to nine members by Mrs. Alice C. Nash, Hopkins, Minn., co-chairman of the board of managers, who also is a 50-year member. A large 50-year birthday cake was the centerpiece at a table in the lounge where refreshments were served following tours of inspection of the home office.

### War Rider Use Modified

Modern Woodmen commencing April 1 will discontinue attaching war riders to policies of male applicants age 38 and over and to women applicants of any age unless in the opinion of the underwriting department it is desirable to do so.

### Conn. State Employees Group Measure Is Favored

HARTFORD—Two bills providing group life insurance for state employees in Connecticut were approved by Henry S. Beers, vice-president Aetna Life, at a hearing before the public personnel committee. Mr. Beers stated that the premium to insure 10,479 state employees for \$1,000 each would approximate \$289,000 for two years. If the employees contributed 50 cents monthly, he pointed out, leaving 65 cents for the state to pay, the cost to Connecticut would be about \$163,000 for the two-year period. Commissioner Alllyn supported the principle of both bills.

John P. Royston, Connecticut Savings Bank Life Fund, inquired whether savings banks could bid for such coverage under present state laws, and was assured by the commissioner that they could.

## SALES IDEAS OF THE WEEK

### Aid to Veterans, Business Cover Stressed in Detroit

DETROIT—With stress on wartime insurance problems, such as the G. I. bill of rights and National Service Life, and with a leavening of the standard problems such as prospecting, searching out new markets and the sale of business life insurance, speakers at the Detroit Life Underwriters Association's annual sales congress presented many thought-provoking ideas.

There is a tremendous opportunity for the agent who will learn to think in simple terms and present the results to his prospects in simple terms, Irving Bendiner, New York Life, Philadelphia, pointed out. This is particularly applicable to the sale of business coverage. Too often the agent makes a complicated mess of business insurance when as a matter of fact this coverage is very simple.

Business insurance is only life insurance used for business rather than family purposes. It does one of two things: either it replaces to the business the value of a man or replaces to a man the value of a business. With keyman insurance the only problem is who is the key man and how much is his replacement value to the business? With this type of coverage, it is best to sell the board of directors rather than the keyman himself, but in the case of junior executives, the president or general manager is the man to sell.

#### Work Up From Bottom

It is usually best to pick the men below the top as a starter. "When you sell the president on the need to cover the replacement value of his juniors, it will automatically convince the board that if the junior executives are worth covering, the president must be still more important to cover. Also, it is easier to see the people who are not at the top and will tend to develop self-importance among the junior men," Mr. Bendiner emphasized.

The greatest opportunity in this field lies in the sole proprietorship, yet this group is by long odds the least covered. The entire business will fall to pieces when the proprietor dies and the only way to assure that the business will take care of his family is through life insurance. "Only three things can be done with a business; you can give it away, keep it going or sell it. If you keep it, for whom do you keep it? Usually for the wife and children. That's all right if you can visualize how the business can be operated for their benefit without danger. Usually a manager will not work so hard for someone else as for himself in a small business, especially when he knows that when the children reach their majority he is likely to be tossed out."

#### Proprietor Best Man to Sell

"If the business is to be sold, the proprietor is the best man to sell it. He had the vision to start it and develop it; he knows its value and its potentialities better than anyone else and can fix his own price on the business. You have the means to allow him to fix his own selling price on it when he dies," Mr. Bendiner pointed out.

Criss-cross insurance on the partners in a partnership or on the stockholders of a closed corporation will accomplish their purpose neatly and simply. "The minute you start complicating it by attempting to equalize premiums because of differing ages of the men covered or seeking to arrange the matter so the premiums are a tax deduction for the business, you are likely to lead into trouble, and you will need all of the various tax services and trust services, and even then mistakes may be made that will make the agreement fail to accomplish its purpose in the long run."

"Premium equalization is often requested in criss-cross cases, but you can point out that the 32-year-old junior man who pays the premium on a 58-year-old executive, for example, pays more at the time but in theory at least pays it for a shorter time on a scientifically adjusted basis so that in reality the result is the same. And remember that if a corporation wants to pay the premiums on business insurance on its executives, the policies are a corporation asset and are consequently taxable to the corporation. If the premiums are paid by the individuals, they are not taxable. It is well, too, to remember that if the premium on corporation insurance is used as a tax deduction, then the proceeds may be taxable when they are collected and thus the corporation suffers a heavier tax loss than if the premiums were not claimed as a deduction," Mr. Bendiner warned.

#### Prepare for Friends

In contacting friends and acquaintances, too often the agent finds that while it is easy to see them, it is hard to get down to business discussion with them. "You go to see them unprepared, awaiting inspiration which may not come. Such interviews should be just as carefully planned as those on strangers," Mr. Bendiner emphasized.

The power of appointment in a policy may eventually lead to extra tax liability, Mr. Bendiner warned. It is possible that the government will take the attitude that if someone has the right to withdraw principal funds, it is taxable to them whether they withdraw or not. This is something to watch. All clean-up funds in insurance programs should be revamped if they were set up five years ago or more. Administration costs of all kinds have advanced greatly in the past five years and the sum originally decided upon probably will not cover them today. This provides an opportunity for sale of another policy now.

#### Annuities Are Needed

"Many companies frown upon annuities today, but if the situation confronting you demands an annuity, write it even if you have to search for the company that will take it; you owe it to your client to do so. The opportunities for business in this field are enormous today. Review your clients' insurance to see they are properly protected where policies have been assigned for a consideration. This may be tremendously im-

portant from the standpoint of accumulation of values," Mr. Bendiner pointed out.

The opportunities for naming a contingent beneficiary are more numerous than necessary. "I don't believe that a minor child should be named. Usually there are other values than life insurance in an estate and it is best not to freeze these values by keeping cash out of the estate, lest a loss be suffered in liquidating the other assets. It is often best to name the wife only."

#### Pensions Require Specialists

"Don't specialize in pension, profit-sharing or bonus trusts unless you want to go out of the life insurance business; it is a separate business by itself and requires your full time and much study. Remember, too, that it is high time you reviewed your retirement programs in view of the rise in living costs of 26.2% since 1940. If a program called for \$100 per month as a minimum in 1940, it should be \$126.20 per month today to do the same minimum job. Sell 'em enough more to cover the difference," Mr. Bendiner urged.

W. H. E. Scott, chief attorney Veterans Administration in Michigan, outlined the G. I. bill of rights. Loans under the bill are made by private agencies with a maximum of \$2,000 guaranteed by the government. Too many G. I.'s think that this is a \$2,000 gift; it is not, he pointed out. Loans may be granted for the purchase of a new or used home or for establishing a business, based on a "reasonable normal value." Repairs may be made with them, debts repaid, farms and businesses may be bought and equipped with them if they meet the requirements.

#### Keep N. S. L. in Force

Agents were urged to encourage returning veterans to continue their National Service Life and to see that they make the best possible use of the beneficiary provisions and settlement options by J. E. Crampton, Connecticut Mutual Life, Detroit.

Men in the armed services have established a new standard and new conception of protection for their dependents that will make them better prospects for life insurance in civilian life, Mr. Crampton pointed out. Agents have a definite obligation to preserve N. S. L. protection and to familiarize themselves thoroughly with the coverage so they can be better prepared to aid veterans.

National Service Life is issued on a 5-year term basis and the law provides that it may be converted to ordinary, 20-pay or 30-pay life within the 5-year period. Since it was first issued in 1940, some of the earlier policies are nearly up to the conversion limit. To date there has been no extension of this conversion period, but it is probable that Congress will extend the period. Conversion may

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be at attained age, original age or any period between.

Due to the chance of another child being born after a soldier has gone overseas, it is often better to designate no contingent beneficiary than to designate the present child or children and thus exclude a later one. This has happened many times with N. S. L. Another bad situation is where there is no child and a man names his wife with his parent or parents as contingents. This results in a serious injustice if a child is born after the man goes overseas, Mr. Crampton pointed out.

Many single men name one parent as principal beneficiary and the other as contingent. It is better to name both as joint beneficiaries and let the law take care of the contingent designation in case both parents die. Although unmarried service men usually want both parents to participate in their insurance, probably 80% to 90% of them name one parent as beneficiary and the other as contingent, which may defeat their intention. It would be much better to designate no beneficiary at all, since then the law would distribute the proceeds equably. When this was pointed out to them, from 40% to 60% of the men told Mr. Crampton that they would correct their beneficiary designation at once.

#### Must Maintain Standards

Service men with dependents have the equivalent of perhaps \$25,000 or \$30,000 because of pension benefits. "We must point out to them when they come back that they must preserve this high standard of family protection and should buy enough additional insurance to bring their family protection up to the same standard as when they were in service."

In helping veterans keep their N. S. L. in force and to see that premiums are paid during the critical period just after they return and before they have been reestablished in civilian life, Mr. Crampton suggested that it be arranged so two or three premium payments could be abstracted from their discharge pay. It is alarming to learn that already \$11 million N. S. L. has been allowed to lapse by men returning from military service, he declared.

#### President Andrews Speaks

W. H. Andrews, Jefferson Standard, Greensboro, N. C., N.A.L.U. president, reported the National association is stronger today than ever before. Life insurance is no longer an alternative for building an estate; it is a must, Mr. Andrews declared. Over 60 million social security accounts are already established and most of them need additional life insurance to provide even a minimum of comfort in old age. "The old-fashioned idea of accumulating cash during one's lifetime to retire on its interest yield is as dead as the dodo bird. Life insurance is the only answer today."

Importance of the industrial agent was stressed by H. J. Van Wolvlear, Grand Rapids superintendent Prudential. Many an ordinary policyholder was first sold on the value of insurance by buying a weekly premium policy. Over 26 billions of weekly premium policies are in force and over 3 billions a year are being produced. He deplored the tendency of the companies to report weekly premium business on a basis of premium rather than face volume.

#### Small Business Best Bet

Hilbert Rust, Research & Review Service, pointed out that half the three million businesses in this country are sole proprietorships and that only about 500 firms are really big business. He urged agents to stick to the small businesses unless they intend to specialize. Too many agents have spent too much time making business insurance complicated. "Our province is merely to disclose the need and sell the insurance; leave the agreements and complications to the trust officers, the lawyers and the accountants."

John Costello, Southwestern Life, Dallas, declared he has never seen it as easy to sell insurance as it is today. "About all that is necessary to get bus-

iness is to expose yourself to it." He told how Grant Taggart, Wyoming million-dollar producer, had decided to retire at the end of 30 years, which was the beginning of this year, but he told Mr. Costello recently that he could not retire when the business is being shoved at him continuously. Mr. Taggart has written over \$400,000 since Jan. 1.

Mr. Costello said he does not subscribe to the idea that a serious drop in business will follow immediately on the end of the war. This has never been true in the past, he declared, pointing out that there were 11 good years after the last war.

#### Strong Agency Doing Well

The Sherman M. Strong general agency of John Hancock Mutual Life in Chicago, reports in January and February it paid for over \$1,500,000 of new business, not including group insurance. The agency has sold a considerable amount of pension trusts, most of which employ retirement income contracts which carry relatively high premium rates. The agency's average policy and average premium have been steadily growing for several years and now have reached an all time peak. Mr. Strong is actively in charge, assisted by D. A. Medaris, his associate.

#### Compensation Questionnaire

The board of field underwriters of New York City Life Underwriters Association is distributing a questionnaire in an effort to compile data on the local compensation problem. Members of the agents compensation committee are: Seymour Bougen, Metropolitan; Jack Garfunkel, Home Life; S. H. Glass and L. G. Simon, Equitable Society; Miss Sara Lewinson, Massachusetts Mutual; W. J. Merritt, Continental Assurance; M. E. Saunders, Mutual Benefit; Fred Schlentz, New York Life; D. H. Ward, Union Central, and P. A. Quarto, John Hancock, chairman.

#### Montana Bills Signed

The Montana governor has signed a bill providing state regulation of benevolent associations and a bill permitting fraternal to insure lives of children.

The House killed the bill for a cash sickness and disability compensation plan.

### Equitable Compensation Plan for Returning Veterans

NEW YORK—Equitable Society has completed a new compensation plan which assures a salary and commission arrangement to all previously employed agents as they are mustered out of government service. All agents returning to Equitable are also immediately reinstated for group insurance and retirement income benefits.

The program covers a career contract and retirement plan, a stabilized monthly income while the man is reestablishing himself, as well as retraining to equip him with the latest successful selling methods.

The first group of former agents about to renew their sales activities have just completed the two weeks' refresher course conducted by Equitable for returning veterans. The sessions were held at the home office under the leadership of D. E. Mason. Similar classes will be held throughout the country if the demand is great enough.

### Mass. Mutual Regional of General Agents in Chicago

A regional conference of Massachusetts Mutual general agents will be held April 30 and May 1-2 in the Edgewater Beach hotel, Chicago. In lieu of one large conference this year, the session has been split into three meetings at scattered locations, each drawing a small group. The General Agents Association is sponsoring the meetings.

#### N. Y. Solons Adjourn

The New York legislature adjourned without having passed any bills which the life companies found objectionable. The only bill about which there was even a slight question was one making it possible for a minor with the supreme court's approval, to set aside a settlement option to the extent of receiving interest on the proceeds. Life companies did not object to the bill's aim but would have preferred a modification of the language, as the version that was passed may result in complications. However it is likely that this bill will be taken care of at next year's session.

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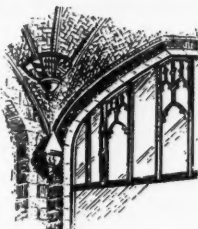
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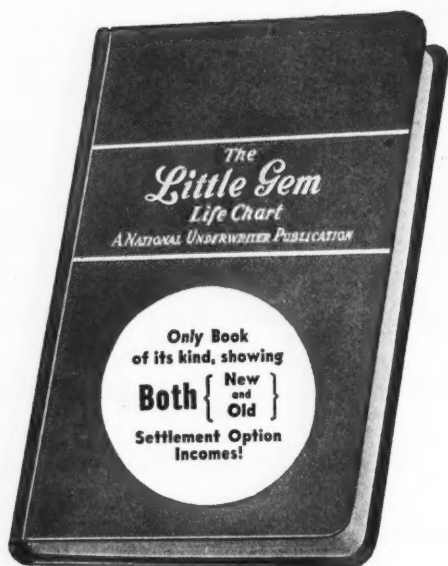
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